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28 July 1982

LATIN AMERICA REPORT

No. 2546

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OIL DISCOVERY IN GUYANA SPARKS PETROBRAS EXPLORATION INTEREST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 82 p 37

[Text] The Tacutu Basin--a sedimentary area of about 5,000 square kilometers in the territory of Roraima--now holds more interest for PETROBRAS [Brazilian Petroleum Corporation] in light of the preliminary flow of 400 barrels per day obtained by the Canadian company Home Oil in the same geological formation on the Guyana side of the border, to which the formation extends, with similar characteristics to those on the Brazilian side.

According to PETROBRAS technicians who offered the information, Home Oil's recent discovery, although not officially reported, stimulated prospecting by the Brazilian state company at the Tucano No 1 well, located about 60 kilometers northeast of Boavista, capital of the territory of Roraima. The drilling has already gone to 704 meters and should reach a depth of 4,000 meters.

In 1981, in the Tacutu basin, PETROBRAS drilled Tacutu Well No 1, about 100 kilometers northeast of the city of Boavista, without any success. The well was abandoned as subcommercial (not producing petroleum on a commercial scale), but the elements found during this drilling led PETROBRAS to start a second well in the same geological formation. The company sent a rig which was being used in exploratory work in the midregion of Amazonas.

Exchange

PETROBRAS identified the Tacutu basin in the middle of 1980; up to then the area had been included in the Amazon basin, characterized by the presence of Paleozoic rock, with limited potential for production.

Since the Canadian firm Home Oil was also conducting exploratory operations in the same basin, on the Guyanese side, the two companies established an exchange of information.

6362

CSO: 3001/173

BRIEFS

TRINATIONAL PETROLEUM COMPANY--During his 3-day stay in Caracas, to begin on Monday, Minister of Mines and Energy Cesar Cals should sign an accord for the creation of PETROLATIN S/A, a petroleum company formed by Brazil, Venezuela and Mexico. The information came yesterday from a member of the group assigned to study the creation of the company, the purpose of which is, he said, to market petroleum and trade technology in petroleum research and prospecting. The firm will be headquartered in Caracas, in the facilities of PETROVEN, Venezuela's state petroleum enterprise. According to ministry technicians, the firm's capitalization will not be defined initially. They explained that, owing to the peculiarities of the market and of the associates in the firm, for each activity planned and negotiation conducted, there will be a meeting of the partners to determine the financial participation of each of them. Of the three associates, Brazil is the smallest petroleum producer, but it offers the advantage of its technology in research, prospecting and refining. Venezuela produces 3 million barrels of oil a day; Mexico produces 2.5 million barrels; and Brazil produces only 280,000 barrels per day. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jun 82 p 27] 6362

CSO: 3001/173

OIL PRODUCTION THROUGH MAY 21.3 PERCENT HIGHER THAN LAST YEAR

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jun 82 p 33

[Text] Brazil produced 8,192,000 barrels of oil in May, an increase of 17.6 percent over the 6,965,000 barrels produced in the same month last year. Cumulative production in the first 5 months of this year was 39,081,000 barrels, an increase of 21.3 percent over the same period last year, when production totalled 32,223,000 barrels.

Releasing these figures, PETROBRAS [Brazilian Petroleum Corporation] also reported that the daily average of 264,000 barrels was smaller than the 268,000 barrels registered in April because of temporary interruptions in the production systems operating in the Campos Basin on the coast of Rio de Janeiro State.

From January to May, daily oil production averaged 259,000 barrels, exceeding the goal for this year, which is to guarantee a daily average of 252,000 barrels. The state petroleum company hopes to end the year with an average of 266,000 barrels per day, 20 percent higher than last year, when the daily average was 220,000 barrels.

Offshore oil production continues to hold first place among the country's producing regions. In May, 4,309,000 barrels of oil were taken from the continental shelf, as against 3,882,000 barrels from the sedimentary land basins. Among the offshore fields, the largest contribution came from the deposits on the continental shelf of Rio de Janeiro State (Campos Basin), which produced 2,846,000 barrels. In second place among the offshore veins were the coastal fields of Rio Grande do Norte State, which produced 511,200 barrels.

Among the land areas, Bahia remained in first place, producing 2,163,000 barrels in May, as against 2,173,000 in May of last year, an indication of the continuing decline of the deposits in the Bahian Reconcavo. In second place among the land basins were the Sergipe veins, producing a total of 1,126,000 barrels of oil in May.

DEVELOPMENT OF MINI-POWER STATIONS DESCRIBED

Havana JUVENTUD REBELDE in Spanish 17 Jun 82 p 1

[Article by Nelson Garcia Santos]

[Text] Santa Clara--They can generate 10kW, enough to supply 30 dwellings. First installation of this type proved successful. Pedro Miret praised the work carried out by the Santa Clara residents in this regard.

A plan to build mini hydroelectric power stations is being carried out successfully at the mechanical production firm, Fabric Aguilar Noriega, in this city.

The first machinery of this type proved to be satisfactory and has the capacity to generate 10 kW, enough to supply 30 dwellings.

The method--not anything new--is very practical for saving oil and delivering electric lights to isolated parts of the country without requiring large investments.

Victor Gomez, a mechanical specialist in the above firm, took the initiative to convert a centrifugal pump of domestic production into a turbine to generate electrical power by using water from dams.

He told our newspaper that, to put these mini-power stations into operation, it is necessary to install them at the base of a dam having a waterfall of 20 to 30 meters capable of supplying an average of 1,600 to 1,800 gallons of water per minute into the turbine.

He pointed out that, after a series of tests and studies, it was concluded that the equipment would have to be installed under those conditions to operate successfully and that these are the characteristics of the nation's dams.

In addition to dwellings, the mini hydroelectric power stations can be used to supply power to social clubs, polyclinics, factories and other installations in the agricultural sector.

Laboratory trials are being carried out to determine the efficiency of the machinery and to come up with a generator of 3 to 4 kW with smaller turbines.

Pedro Miret Prieto, member of the party's Politburo, recently visited the Fabric Aguilar firm. After witnessing the startup of the first mini hydroelectric power station, he praised the work which had been done in this connection and urged further improvement of the equipment whose utilization in the country has far-reaching possibilities.

8568

CSO: 3101/1862

CHAVEZ DENIES CHARGE THAT PUP IS COMMUNIST PARTY

Belize City SUNDAY TIMES in English 30 Jun 82 p 3

[Text] Following the attack in the Voice and other opposition papers accusing Councillor Rafael Chavez and other members of the P. U. P. of being communist, the Belize SUNDAY TIMES spoke briefly to the Councillor:

TIMES: What has prompted this allegation that you are a communist?

Chavez: As you know, I am one of the candidates for the post of Chairman of the Albert Division. My opponent and his backers are trying to damage my reputation and aspirations with this wild and ridiculous charge of communism. I belong to the P. U. P. which is not a communist party. I have spent my life growing up in the Albert Division -- and the people know me to be a businessman.

This charge of communism is the same old bogeyman which the opposition has over the years falsely accused the P. U. P. of being. It is always used by those who have a multitude of sins to hide. What is shocking is that there are a few in our own party who are using this same foolish charge for their own personal reasons with no regard to the damage it may be doing to the image of the party and government.

The people of the Albert Division are intelligent enough to know the difference between a hardworking businessman with a social conscience on the one hand and a communist on the other hand.

TIMES: What caused you to go into politics?

Chavez: In 1980, the party needed two candidates from the Albert Division to make up the team for the City Council elections. My family has always supported the Peoples United Party. I was approached to run; I felt I had a contribution to make so I agreed. I enjoy working with people and that is what politics is all about--working together for the good of the community.

TIMES: You have been a Councillor for almost a year and a half now. What has been some of your achievements and happier memories?

Chavez: During our first year, I was able, with the assistance of then Mayor Montejo and the Council, to construct two parks--the Fred Westby Park on Albert Street West and the Neals Pen Road Park. Our children need these recreational grounds. We improved the lighting in the Caesar Ridge area--with CITCO Funds. We were able to get several needed water tanks in the area with a continuous supply of water. My personal allowance from CITCO goes towards scholarship awards for the High School education of deserving children. Many wrecked cars and junk were removed from the Yarborough Cemetery and Fairweather Street. And generally speaking we got our City looking beautiful for our Independence.

TIMES: What would be your role as Chairman of the Albert Constituency?

Chavez: To bring victory for the Peoples United Party and to advance the new and Progressive Revolution for the benefit and welfare of the people.

CSO: 3020/147

BRIEFS

BELIZE-UNDP AGREEMENT--A basic assistance agreement was signed in Belmopan on Monday last between the government of Belize and the United Nations Development Programme (UNDP) agency. Prime Minister George Price signed for Belize and Mr Jorge Clara for UNDP. UNDP has now set up an office in Belmopan situated in the building formerly used as a Children's Home on Unity Boulevard. Assistance to Belize has been increased considerably by UNDP since independence. The amount now available for projects from 1982 to 1986 is 3.74 million dollars (Bze). The UNDP assistance included under the agreement signed last week provides for services of advisory experts and consultants which can include services from consulting firms. It also provides for the services of operational experts and for personnel from the UN volunteers. Under the agreement, equipment and supplies not readily available in Belize can be included in the programme. The agreement also covers the holding of seminars, training programmes and awarding of scholarships and fellowships. [Text] Belize City SUNDAY TIMES in English 13 Jun 82 p 1]

SUGAR PRICE DROP--Local sugar prices for the 1982 crop were downgraded during the month of May because of sliding sugar prices on the world market. "As a result of the upheavals in the world sugar market cane price estimates for the current year had to be further reduced from \$38,91 to \$36,08 per ton for deliveries to Libertad Factory and from \$37,58 to \$35,02 per ton for deliveries to Tower Hill" states an official announcement from the Sugar Board. The reductions represent a 7,27 per-cent loss off the top for Corozal cane farmers this year and a loss of 6,78 for Orange Walk cane farmers. To make matters worse Belize will not be able to sell as much sugar to the U. S. this year as she did last year. The reason is that a new quota system has been invoked in the U. S. Twenty thousands tons of sugar which would normally have been sold to the United States at a good price, will now have to be sold at a less attractive price elsewhere. [Text] [Belize City THE REPORTER in English 20 Jun 82 p 11]

CSO: 3020/147

FRI PROPOSES REINSTATING PARLIAMENT OF 1980

La Paz HOY in Spanish 16 Jun 82 p 12

[Text] The Revolutionary Front of the Left [FRI], confronted by the economic, political and social crisis which the country is experiencing, has proposed the reestablishment of the democratic process on the basis of the parliament elected in 1980, according to statements made by Oscar Zamora Medinacelli, leader of the Marxist-Leninist Communist Party [PCML], during his first contact with the press since Garcia Meza's military coup.

With respect to the "grand accord" proposed by the government, he pointed out that the revolutionary parties are not adverse to dialogue but what interests them most at this time is that the political sectors, before accepting this invitation, should find points of agreement to ensure restoration of the process which was cut off on 17 July 1980 and to give legitimacy to the Congress chosen during the last general elections.

He said that several political parties are considering this course of action, following recent meetings and that their reply could be made known within the next few days. However, he indicated that new elections should not be agreed to because this would mean giving validity to continuism and that the people still do not accept de facto governments which because of their very character do not have the capability of resolving Bolivia's problems.

Zamora Medinacelli, commenting on the proposal made recently by the Bolivian Federation of Private Businessmen to the effect that the 1980 Congress be convened, which is similar to the proposal of the FRI and other political sectors, he said that thought had already been given from the underground to making this proposal known, which means that the business sector also feels affected by the crisis and it is for this reason that it has proposed reestablishment of democracy, "but I hope it does not again participate in military coups."

Later he stressed the need for the political sectors to demonstrate "conscience," as the country's future cannot be left uncertain, "This means that an understanding has to be reached in the parliament elected in 1980, and it is there that discussion should take place concerning who is to accede to government," the top PCML leader said.

8143

CSO: 8148/1451-A

MIR: POLITICAL DIALOGUE MUST BE HELD WITH FULL GUARANTEES

La Paz PRESENCIA in Spanish 17 Jun 82 p 7

[Text] Potosi, 16 Jun--"As a prior condition to political dialogue, we must overcome the irritating elements which are still making it impossible to give the people full guarantees." This statement was made by Luis Fernandez, leader of the Movement of the Revolutionary Left (MIR), during a press conference which he held in this capital.

After explaining several aspects of this party and the struggle it had maintained to assure the return of democracy, he added: "The reply to the government's proposal for dialogue will be given by the MIR at the front level, such as the UDP [People's Democratic Union]. To this end, the national leaders will hold a press conference in the city of La Paz."

He also emphasized: "Bolivia needs a government of national and international credibility, which, in turn, should select a cabinet that will guarantee the democratic process." "That cabinet," he stressed, "should be made up of civilians and military personnel."

"We must overcome the economic, social and political crisis with a government that has credibility," emphasized Fernandez, who had been in exile in Mexico but who returned to Potosi recently.

The top MIR leader in this capital distributed an extensive document from his party which in weeks past was still being published in the seat of government.

Fernandez Fagalde reiterated: "The MIR proposes the formation of a civilian-military government of transition to full democratization, based on a national accord which structures the diverse, truly representative political, social and institutional forces."

With respect to the department of Potosi, the MIR leader advocated total support for the Civic Committee as the only organization capable to energizing and promoting regional development.

"The Potosi Civic Committee should be the institution which makes departmental harmonization [reencuentro] possible through dialogue in such a way that our aspirations are considered without dispersion of effort," he emphasized.

Luis Fernandez Fagalde said he was optimistic that national dialogue would take place and that from this dialogue would come not only initiatives but also firm steps toward the return of democracy. "Bolivia cannot continue to be isolated without cooperation and with an increasingly greater economic crisis," he concluded.

GEN CELSO TORRELIO ADVOCATES CONCILIATION

La Paz EL DIARIO in Spanish 17 Jun 82 p 3

[Text] Gen Celso Torrelío, president of the republic, would give way to a government of conciliation proposed by the ADN [Nationalist Democratic Alliance] and other political parties, if this be the recommendation of the National Political Council (CONAPOL), which has under study the different stages and alternatives in the country's institutionalization process.

The chief of state set that condition when consulted yesterday about the answer given by the various political parties to the invitation extended by the government "to reach a national accord."

General Torrelío said that the Ministry of Interior is responsible for establishing relations between the government and the political parties and of preparing the democratization timetable.

When questioned as to whether the majority political parties such as the MNR [National Revolutionary Movement], headed by Dr Paz Estenssoro, and the UDP [People's Democratic Union], headed by Dr Siles Zuazo, had responded to the invitation sent by the government for a dialogue on institutionalization, he said "The Minister of Interior is the person who handles these matters and before tomorrow morning he will give me a report on the subject."

In this connection, the Minister of Interior will probably present a report today in the cabinet meeting on the progress made on the proposal to hold dialogues with the political parties, although the invitation to those organizations had been sent almost 2 weeks ago.

Some of the parties, such as the ADN, PS-1 [Socialist Party-1] and others, made public their refusal to engage in the dialogue proposed by the government, maintaining on the contrary that the armed forces should form a government of conciliation which represents an authentic transition to a democratic state. When questioned on this proposal, General Torrelío said, "CONAPOL is studying all aspects, and I will do what it recommends."

General Torrelío was interviewed by press representatives at the headquarters of the Military Air Transport Command (TAM) in El Alto, after a ceremony

celebrating the 37th anniversary of the 71st Air Group, which he honored with his presence.

After that ceremony, the president of the republic received a gift from the Argentine military attache, a framed picture of Pucara airplanes in flight.

8143

CSO: 8148/1451-C

FULL UNIVERSITY AUTONOMY IN EFFECT

La Paz EL DIARIO in Spanish 17 Jun 82 p 4

[Text] Acknowledging that university autonomy is in full force, Col Juan Vera, minister of education, said that the problem of the Gabriel Rene Moreno University in Santa Cruz should be resolved using its own procedures, without this meaning that the government is indifferent to the situation.

He explained that the conflict at the school of higher studies has special characteristics, as it held elections and chose its officials democratically. "We must respect democratic expression not only at the level of the universities but at the national level," he said.

Reiterating the government's respect for university autonomy, Colonel Vira said that this problem should be resolved by the Executive Committee of the Bolivian University.

[Portion of text missing] private educational institutions not to respect government regulations concerning the winter vacation, the minister of education said that there had been some objections from private high schools; however, he added that talks had been held and that at present all students and pupils are on vacation.

With respect to progress in this area and the completion of the school year, Colonel Vera said that only 60 percent of the program had been completed, as even more critical situations had arisen in the eastern part of Bolivia, where school work was suspended for several weeks as the result of floods.

He added that this abnormal situation will force government officials to adjust not only the school calendar but also the programs and course content.

He was asked how it would be possible to make up the time lost in the school year and whether classes will be extended until December. He replied that he had had talks with the teachers about completing the school year and "hopefully, there will not be any more work stoppages and strikes."

Finally, he announced that the winter vacation, or mid-year school break, will end on 4 July, with classes due to resume on Monday, 5 July.

8143

CSO: 8148/1451-C

ECONOMY AGAIN CONFRONTING CRISIS IDENTICAL TO 1980

Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jul 82 p 19

[Article by Kristina Michahelles]

[Text] Middle of 1980. The prospect of a trade deficit and runaway inflation force the government to change its economic policy radically, bringing on a recession to balance foreign payments and "cure" inflation.

July 1982. The same problems resurge. Inflation begins to rise again and the trade balance is once more threatened by the poor performance of exports in the first 6 months. But this time the "remedy" has already been used. The situation looks just like the first 6 months of 1980, with the added burden of an economy already weakened by 1 and 1/2 years of crisis.

For 1982, the intention was that a "slight nudge" would bring the economy back into line. Expectations at the beginning of the year were for a \$3 billion trade surplus and an inflation rate between 70 and 80 percent.

The first big surprise in the first half of the year was the weak performance of exports. The government itself already admits that last year's \$23 billion total can be duplicated only with difficulty. The second negative factor--which was not exactly a surprise, as a resumption had been predicted, although not with such intensity--was inflation, which could finish the year above 100 percent.

The level of industrial production is still more than 10 percent below that of last year, which keeps unemployment high. So far the government has taken measures only to stimulate purchase of consumer durables. Investment, which remains the key to renewed growth, continues low. The capital-goods industry is at a production level below that of 1975.

In his last speech before the War College, Planning Minister Delfim Netto asserted that the government has won the battles of inflation and the balance of payments and foresaw the possibility of an average annual growth rate of 5 percent for the economy through 1990. Economists are wondering whether the mild recovery in the durable goods industry and the reactivation of trade will be sufficient to reach the goal this year, considering the forecast of a drop in agricultural production.

Agriculture Has Lower Output

Despite the good crops in products for domestic food supplies (corn, beans, rice) and an increase in livestock (chickens and beef cattle), the large drops in production of coffee and soybeans will probably result in Brazil's agricultural output falling this year from that of 1981, according to estimates by the coordinator of the Agriculture Intelligence Group [GIA] of the Getulio Vargas Foundation, Tito Ryff.

The current coffee crop is likely to be a little more than 17 million bags, compared with 33.7 million bags in the previous crop, as a result of the frosts of last July. The dry spell in the South, in turn, was most responsible for the drop in soybean production, which will be less than 13 million bags this year, compared with an initial estimate of 15 million bags.

Corn, beans and rice assure production for domestic consumption. The greatest problem for the GIA coordinator is the low prices paid to producers. Lower demand, high rates of domestic interest and, until recently, expectation of declining inflation resulted in wholesalers and processors buying only enough to sell, with no interest in building inventories. As a result, the government had to buy large amounts of farm products to bolster prices and the big question is what planting intentions on the part of producers will be for the next crop year.

In regard to exports, the concern is about the low prices for raw materials (sugar, cocoa, soybeans), affected by high U.S. interest rates and contraction of major export markets. According to Tito Ryff, the trend is for prices to remain low throughout the second half of the year.

Industrial Recession Continues

Reactivation of the economy? "What there has been in the last 3 months, really, was a recovery in the sale of consumer goods. There was no investment, which is the key to a resumption of production," asserts PUC [Pontifical Catholic University] economics professor Andre Lara Resende.

IBGE [Brazilian Institute of Geography and Statistics] figures show that, despite a slight improvement in the growth rate of industrial activity, production through April was still 11.6 percent below that of last year. The capital-goods sector, the greatest victim of the recession, is producing less than in 1975. Compared to last year, it is off 24.7 percent.

"The problem is that the first bankruptcies are now beginning, something that did not happen last year, when the recession was worse but business firms were still living off the capital accumulation of previous years," says Andre Lara Resende. For more than 2 years business has been paying interest rates of over 130 percent annually, a result of the government's economic policy. Large firms such as Coferraz, Avisco, Atma, Vigorelli and Correa Ribeiro filed for bankruptcy in the first half of this year.

The government's recent measures to stimulate consumption--reduction of the IOF [Financial Transactions Tax] and relaxation of consumer credit--were reflected

only in increased sales of home appliances, automobiles and, especially, clothing. "These measures are not pulling the economy out of the recession. What makes an economy grow is investment capacity," says a UERJ [Rio de Janeiro State University] economist, who questions whether a 5 percent growth of Gross Domestic Product, which the government wants, is possible with only measures to stimulate trade.

Employment

The industrial crisis is reflected in employment. Although the government defines the current level of unemployment as "cyclical," "temporary" and "sectoral," economist Jose Claudio Ferreira da Silva, in an article in the latest issue of the CONJUNTURA ECONOMICA magazine, warns that the problem is much more serious. Employment in the industrial sector during the first 3 months of this year was still 10 percent below the level of the same months of last year.

In his article, Jose Claudio Ferreira da Silva calls attention to the possibility of rising unemployment in coming years. In view of the growth of the work force, he says, even if the economy were to grow at 5 percent annually, "the unemployment rate in 1985 would be 6.4 percent higher than that in 1980, something between 2.5 million and 3 million new unemployed."

Inflation Turns Tables Again

With the recession, Brazil was getting the upper hand on inflation, but the tables were turned with the 8 percent rise in June, which sent the annual rate rising again to 97.6 percent. An inflation rate of 6.5 percent in July--an optimistic assumption, considering price increases for sugar, cigarettes, telephone, bus and cab fares, besides the impact of the FINSOCIAL [Social Investment Fund] charge--will result in the 12-month inflation rate breaking the three-digit barrier once more.

The drop in inflation last year was "a beneficial by-product of the recession, whose main purpose was to balance the nation's foreign accounts," according to PUC professor Andre Lara Resende. This year, however, the government cannot use this instrument as easily: the economy, which has not yet recovered from the decline of activity in 1981, cannot be punished further in an election year.

Besides paying more every week in fairs and supermarkets, the public is feeling the effects of high inflation rates in other ways: rent is higher (now that monetary correction is coupled to inflation) and income concentration continues.

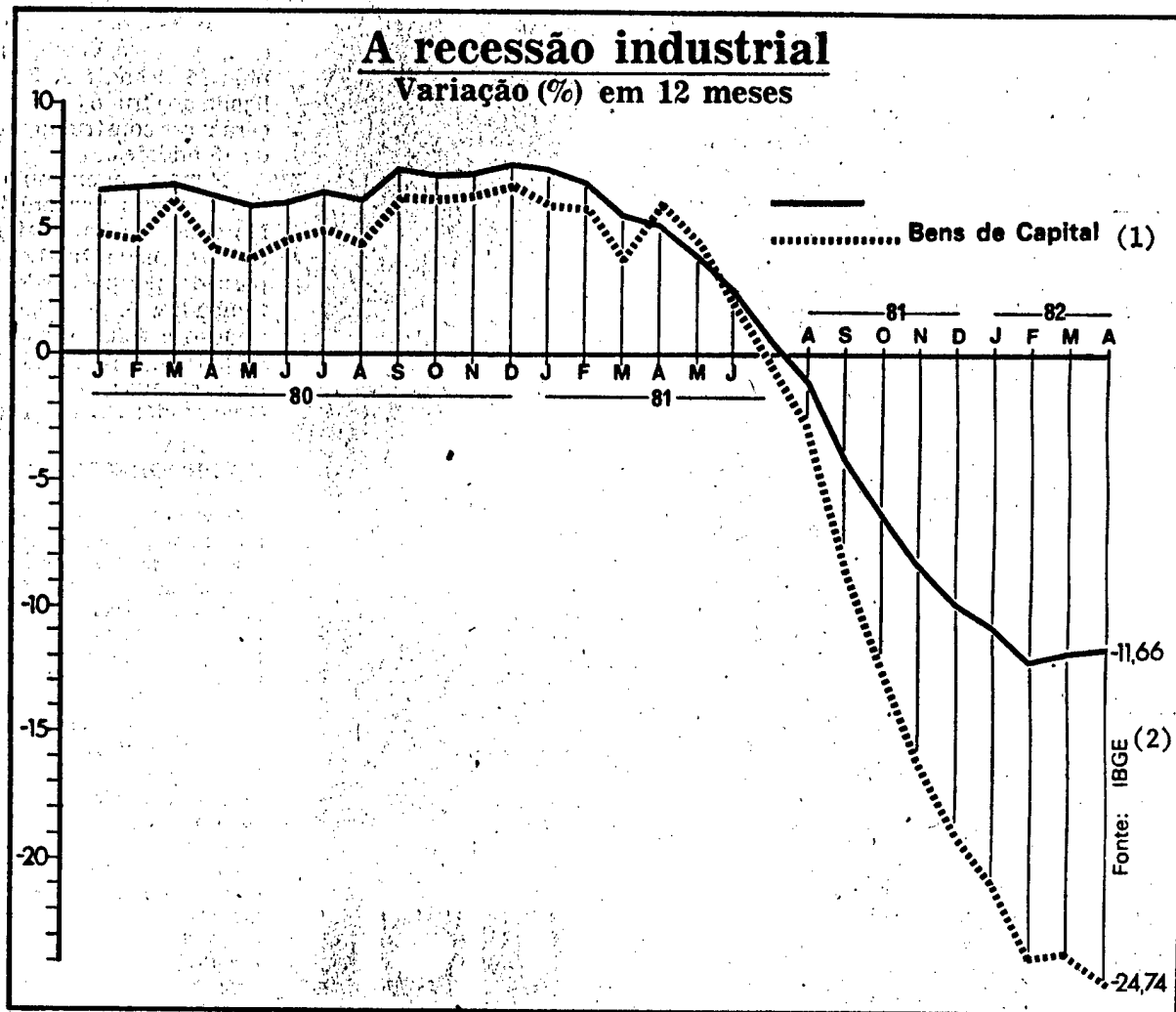
Brazil's exports are also affected by higher inflation if the exchange rate (devaluation of the cruzeiro) does not keep up with the real difference between the cruzeiro and the dollar. During the first 4 months of this year, says economist Helson Braga of the Center for Foreign-Trade Study Foundation, the necessary devaluation of the cruzeiro would have been 26.9 percent, whereas it was actually only 21.8 percent.

Payments Balance Causes Concern

"It is the hardest year I can remember."

This statement by CACEX [Foreign Trade Department] Director Benedito Moreira last Tuesday is justified. The expected \$3 billion trade surplus is threatened by a

The Industrial Recession (Percentage Variation in 12 Months)



Key:

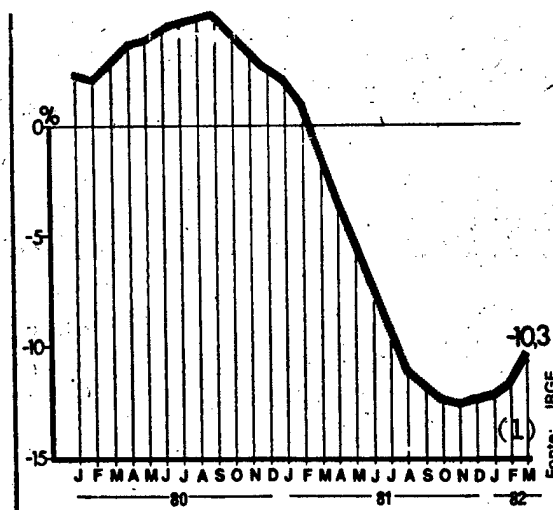
1. Capital goods
2. Source: IBGE

The moderate industrial recovery did not extend to investments in capital goods.

Inflation Starts Rising Again
(Month-to-Month Annual Variation)



Employment in Industry (Percentage over/
under the same month of the previous year)

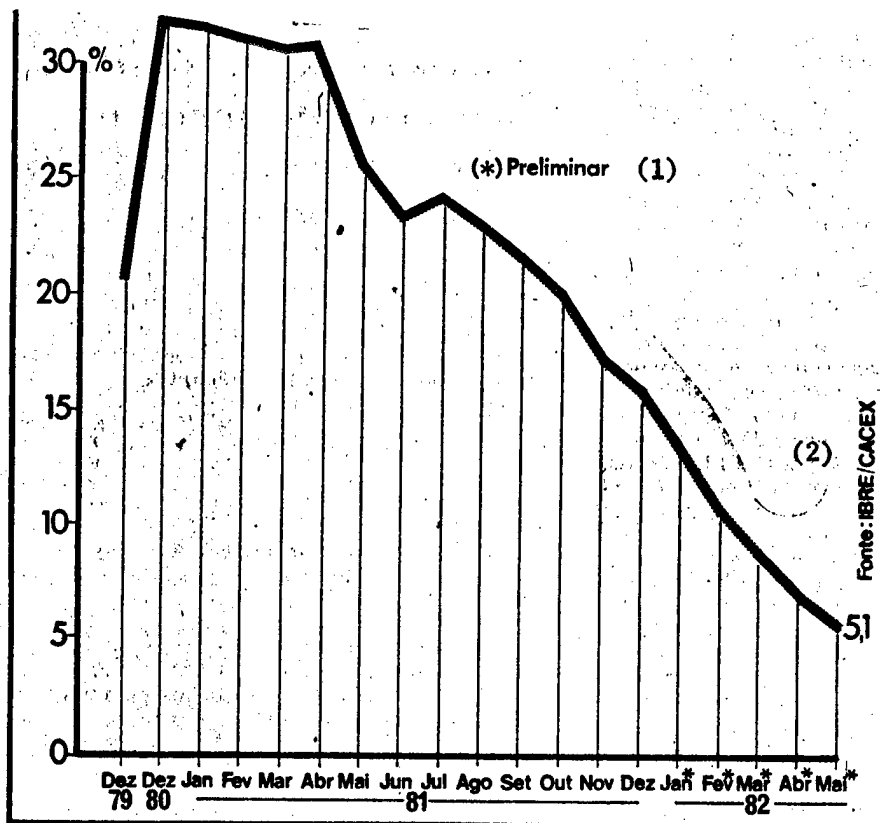


Key: 1. Source: FGV [Getulio Vargas Foundation]

Key: 1. Source: IBGE

June's 8 percent raised rate to 97.6 percent

Reduction of unemployment was small



Weak Performance of Exports
(Percentage Variation in
12 Months)

Key:

1. Preliminary
2. Source: IBRE
[Brazilian Institute of Economics]
and CACEX

Exports, which had been
rising at over 30 percent,
are now rising at 5 percent

sharp drop in exports, which will be able to match last year's \$23 billion only if the government exempts exporters from taxes to compensate them for losing their tax-credit bonus. At the beginning of the year the forecast for exports was \$28 billion.

The only reason imports have not increased more is because the industrial recession continues, asserts a UERJ economist. The government is now between the Devil and the deep blue sea: to win on the inflation front it would have to import some products whose prices are lower abroad. With the precarious trade-balance situation, however, imports should be even more restricted, which threatens the recovery of economic activity.

The export performance during the first 6 months was worse than the most pessimistic projections. The main factor was the progressive contraction of traditional markets--recession in the United States and Europe--as well as the newly-conquered, such as Chile, Nigeria and Argentina, grappling with balance-of-payments problems. Furthermore, high U.S. interest rates depress prices of major raw materials and the strength of the dollar causes Brazil to lose competitiveness with its rivals.

Meeting the balance-of-payments deficit is also becoming more difficult due to less foreign money coming in than expected. In May, the nation borrowed a little more than \$1 billion in foreign currency, half what it obtained in April. Through May \$8.8 billion had come in and Planning Minister Delfim Netto says the goal of \$13.8 billion for this year is already assured. But PUC professor Paulo Nogueira Batista Jr estimates that the amount of foreign-currency loans needed will be nearly \$17 billion. And if there is no trade surplus, the need will be even greater.

Foreign borrowing was hampered this year by political crises, such as Poland's and the conflict between Argentina and Great Britain, which restrained the international financial community. Meanwhile, U.S. interest rates remain high, raising even higher the cost of interest payments on the foreign debt. According to the study by Paulo Nogueira Batista Jr, Brazil will use 90 percent of the loans obtained this year just to pay interest and amortization on its debt.

If Brazil cannot present a better economic performance for the international financial market, international bankers may become even more restrained in making new loans.

8834

CSO: 3001/186

FORMER CASSATED POLITICIANS RUN IN NOVEMBER ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 82 p 4

[Article by Hamlet Paoletti]

[Text] The prevailing mood is one of cautious apprehension. With amnesty and the return of exiled Brazilians and with their rejoining political parties, a part of national political life became more closely watched. And by all those involved.

More than once Senator Jarbas Passarinho, president of the Senate, has voiced the government's concern about possible radicalization inspired by the new arrivals. The parties where the former cassated politicians have taken shelter have different concerns. Despite the fraternal declarations that the latter are assured a place on the ticket if they want to run in the November election, many of the more pragmatic politicians are beginning to scrutinize closely the effects of such candidacies and what inroads they might make on previously established political strongholds. And the cassated politicians themselves who want to run for office in the coming election are trying to adjust quickly and effectively to national socio-political realities, profoundly altered in recent times, precisely when they were absent from political life.

For all these reasons and through fears--remote but not entirely unjustified--of some hitch in the process of institutional redemocratization and normalization, one of the components of the present political moment is a mood of cautious apprehension. The cassated politicians are back.

(Survey by the local staff and by the O ESTADO DE SAO PAULO network of branches and correspondents, with final text by Hamlet Paoletti)

Without Show, Helping Consolidate Positions

The former cassated politicians are likely to play an important secondary role in the November elections. Like an efficient supporting player who doesn't score goals but is essential to the game's strategy, or the samba-school standout who must enrich the theme without interfering with the flow of the parade, these politicians trying to reintroduce themselves into Brazilian political life are not likely--with some predictable exceptions--to be decisive in the elections, but their role as special supporting stars could eventually have significant impact on the future of the nation's institutions.

In some states their participation is being sought almost as a kind of status symbol, with political parties making a point of announcing their presence on the ticket. In this respect the PDS [Social Democratic Party]--although it also has a few former cassated politicians in its ranks--is losing out, as the other parties portray their former cassated politicians essentially as opponents of the government, trying to attract with the revolution's victims the votes of those who disagree with the current administration of public affairs.

In Rio de Janeiro, all the parties, including the PDS, have former cassated politicians running in the popular elections. They include important names from the past, such as Leonel Brizola, as well as politicians known only regionally, such as former lieutenant governor Joao Batista da Costa.

The Rio de Janeiro PMDB [Brazilian Democratic Mobilization Party] will have former senator Mario Martins, cassated by AI-5 [Institutional Act No 5] in 1968, and Helio Fernandes, cassated by AI-2 [Institutional Act No 2] in 1966. Running for the PDS are former deputy Tenorio Cavalcanti and former lieutenant governor Batista da Costa, both formerly of the UDN [National Democratic Union], cassated by Institutional Act No 1.

The Rio PT [Workers Party] also has two former cassated politicians, both by AI-5: gubernatorial candidate and former deputy Lysaneas Maciel, one of the most recent to lose his political rights, having been cassated by former president Geisel, and senatorial candidate and former student leader Wladimir Palmeira, cassated in 1969 and banished from the country by the military junta when he was one of 15 exchanged for U.S. Ambassador Burke Elbrick, kidnapped by terrorists.

Two who were cassated in the first wave and important men in the political establishment overthrown by the revolution are candidates for the PDT [Democratic Labor Party]. One is Leonel Brizola, former governor of Rio Grande do Sul, who is running for governor of Rio de Janeiro, and the other is the former chief of Joao Goulart's Civilian Household, Darcy Ribeiro, candidate for lieutenant governor. Another former cassated candidate for lieutenant governor is former federal deputy Paiva Muniz, associated with the PTB [Brazilian Labor Party] and Sandra Cavalcanti's running mate.

Whereas Rio de Janeiro scatters its former cassated politicians among several parties, Rio Grande do Sul has its concentrated in two opposition parties. Members of the largest state contingent of politicians punished by the revolution, over 30 former Rio Grande do Sul congressmen will compete on 15 November for the PDT and the PMDB.

The PDT is the refuge of those coming from the erstwhile PTB of Brizola, such as former Porto Alegre mayor Sereno Chaise and former deputies Matheus Schmidt, Floriceno Paixao, Amaury Muller, Nadir Rossetti, Ney Borges, Alvaro Petraco, Helio Fontoura and Wilmar Taborda. The PMDB has a smaller number of former cassated politicians, but they include some distinguished names from the past, such as the "historic" laborite Wilson Vargas as well as former deputies Siegfried Heuser and Temperani Pereira.

Unlike Rio Grande do Sul, in Pernambuco the former cassated politicians are concentrated in the PMDB, led by the best-known of them all, former governor Miguel Arraes.

Removed from office in 1964 before his term had expired and exiled in Algeria until 1979, Arraes will be a candidate for a seat in the Chamber of Deputies. Along with Arraes, another colleague of exile in Algeria, former federal deputy Maurilio Ferreira, cassated in 1968 because of the Para-Sar episode, is also a candidate for federal deputy. And, also in the PMDB, Egidio Ferreira Lima, considered to be the political mentor of Jarbas Vasconcelos, will try to return to the Chamber of Deputies, which he left after being cassated in 1969.

In Parana, former deputy Alencar Furtado will try to begin again a promising political career abruptly interrupted by loss of his political rights 5 years ago when, during a television program he referred indirectly to torture, mentioning "the widows of who knows whom and the organs of perhaps [literally]."

Besides Alencar Furtado, at least 10 other cassated Parana politicians are in the PMDB trying to return to public life in the next election, among them former deputy Valter Pecois, the first person in the entire nation to receive compensation from the government through court action for the torturing he suffered when held prisoner at the Cascavel police station. Other candidates will be former deputies Anibal Cury, Jorge Nasser, Leo de Almeida Neves and Jacinto Simoes and former exiles Jose Carlos Mandes, the last for the PDT, and Vitorio Sorutiuk, for the PT.

Another PT candidate, physician Jorge Nahas, may run for governor of Minas Gerais in November. A former member of the terrorist Colina organization, Nahas was arrested in 1968 and banished from the nation in 1970, being one of those exchanged for German Ambassador Von Hollenben. "Depending on the wishes of the party," he may run for state governor or for the Chamber of Deputies.

Nahas is one of almost a score of former cassated politicians who will seek elective office in Minas Gerais, among them the former secretary of ex-president Janio Quadros, Jose Aparecido de Oliveira, Raul Belem, Celso Passos, Anibal Teixeira, Simao da Cunha and Edgar da Mata Machado.

In Bahia also the party that attracted the most former cassated politicians was the PMDB, which will have seven former congressmen, among them labor leader Mario Lima, journalist Sebastiao Nery and former federal deputy Helio Ramos. Of all of them, however, the one with most charisma is the former mayor of Vitoria da Conquista, Pedral Sampaio. Again a candidate for the same post, his victory is so certain that the PDS has not yet managed to find a candidate in the municipality.

Even so, after the PMDB the party with the most former cassated politicians in Bahia is the PDS. One of them is the former president of the Bahia Sports Club, Osorio Villas-Boas, who hopes to be elected a councilman with the promise to "reveal to Bahian society all the communists that want to be elected by the PMDB" and to place himself "at the service of Governor Antonio Carlos Magalhaes."

In Maranhao, three former cassated politicians are returning to politics: Renato Archer and Cid Carvalho for the PMDB and Neiva Moreira for the PDT. Archer, cassated in 1968 along with Carlos Lacerda, is the PMDB candidate for state governor. Cid Carvalho, likewise cassated in 1968, is a candidate for federal deputy. And Neiva Moreira, whose name was on the first list announced by the revolutionary command, on 9 April 1964, hopes to be elected a federal deputy for the PDT.

Unique Situation in Amazonas

A curious situation exists in Manaus: two cassated politicians are running for state governor, a position both held prior to 1964 and which was responsible for their loss of political rights. The two are Plinio Coelho for the PTB and Gilberto Mestrinho for the PMDB.

Besides the two gubernatorial candidates, three other cassated politicians will run for election in Amazonas: former state deputies Arlindo Porto and Abdala Shaado and former councilman Manuel Rodrigues.

In Ceara most of those cassated will return to politics. Among them: former deputy Moises Pimentel, 70, who will run for the Chamber of Deputies for the PMDB and whose election is assured; former deputy Adhail Barreto Cavalcante, formerly of the PTB and now with the PMDB; former councilman Tarcisio Leitao, PMDB, who admits the communists will vote for him; and radio broadcaster Peixoto de Alencar, PDS candidate.

In Santa Catarina also, one of the former cassated politicians is a PDS candidate, former ARENA [National Renewal Alliance] state deputy Fernando Viegas. But the party there that has the most candidates whose political rights were suspended is the PDT, beginning with its regional president, Doutel de Andrade, federal deputy for the earlier PTB and former lieutenant governor, cassated in 1966. Doutel then backed the candidacy of his wife, Ligia Doutel de Andrade, who was elected by the MDB [Brazilian Democratic Movement] in 1966 and cassated in 1968. Ligia is a candidate for governor of Santa Catarina and Doutel, for federal deputy. Other PDT candidates are Manoel Dias and Genir Destri, and a PTB candidate is former deputy Osmar Cunha.

At least six cassated politicians in Alagoas are getting ready for the November election. For the PMDB, former Maceio mayor Sandoval Caju will be a candidate for federal deputy, while former state deputies Diney Torres and Moacir Andrade will try to regain their seats. In the PDS, former federal deputy Oseas Cardoso returns as a candidate for the Chamber of Deputies.

Again in Sergipe, the former cassated politicians are divided between the PMDB and the PDS. Former governor Seixas Doria and former councilman Agonalto Pacheco will be candidates for federal and state deputy, respectively, for the PMDB, while former deputies Gilton Garcia and Francisco Telles de Mendonca are likely to seek the same positions for the government party.

The split between the PMDB and the PDS is repeated in Para, where six former cassated politicians are running in the November election. For the Senate the PMDB is backing former deputy and journalist Helio Gueiros and former deputy Itair Silva, and for the Chamber of Deputies, Benedito Monteiro and Ocelio de Medeiros. The PDS candidates for federal deputy are Silvio Braga, formerly of the UDN, and Elias Pinto, formerly of the PTB.

In Rio Grande do Norte, three former cassated politicians will run for elective office in November: Aluizio Alves, cassated in 1969 along with two brothers, will run for state governor for the PMDB; Ney Lopes de Souza of the PDS, cassated in

1976, wants a Senate seat; Assuncao de Macedo, cassated in 1969, when he was a state deputy, is a candidate for the Chamber of Deputies.

Three other former cassated politicians are trying to get elected in Espirito Santo. One of them is the PDT leader in the state, former federal deputy Mario Gurgel, cassated in 1967. The others are the president of the Espirito Santo section of the OAB [Brazilian Bar Association], former deputy Jose Ignacio Ferreira, cassated in 1969, who wants to run for the Senate for the PMDB, and the PT candidate for state governor, Perly Cipriano, convicted (later granted amnesty) of subversion and deprived of his political rights.

In Paraiba, the PMDB will have as candidates for federal deputy former governor Pedro Gondim and former state deputy Jose Maranhao. The party's candidate for lieutenant governor will be former state deputy Mario Silveira, and for mayor of Campina Grande, the state's second largest city, former deputy and former mayor Ronaldo Cunha Lima. For the PDS, the candidate for mayor of Campina Grande is former federal deputy Vital do Rego.

And in Mato Grosso, Augusto Mario Vieira, cassated in March 1969, returns as PMDB candidate for the Legislative Assembly.

All Felt Same Sensation: 'Inexistence'

Among the many instruments employed by the 1964 Revolution, one of the most efficient was the long and wide-ranging arm charged with cassating mandates and suspending political rights. Under its yoke fell, without right of appeal or defense, mayors and ex-presidents, civilians and military, professional politicians and labor leaders. Each with his own story, all felt the same sensation of not existing as citizens: they were, as defined by one ex-labor leader, "legally dead."

Some had established an enviable political situation, such as Mario Covas, then leader of the MDB, who commanded the refusal of the national Congress to allow Deputy Marcio Moreira Alves to be tried in court. In response to the congressmen's refusal, the executive power promulgated AI-5 and closed Congress.

Fulfilling his role as leader, Covas went to visit some deputies who had been arrested by army police. He spoke with the commandant of the unit and received authorization to visit. This happened in the morning. In the afternoon he returned to headquarters, only this time forcefully escorted by two agents; he was carrying a suitcase, books and a chessboard. It was the first of three arrests. He had been cassated.

Jose Ibrahim, also cassated, in 1968 had become president of the Osasco Metalworkers Union. But a few months later he was arrested and exchanged for U.S. Ambassador Burke Elbrick, kidnapped by the Left. Banished, he spent time in Mexico, Cuba, Salvador Allende's Chile, Panama and, finally, Belgium.

He has a son who was not registered as a Brazilian because the Brazilian consulate in Panama refused to register him since the father had had his political rights taken away. Granted amnesty, Ibrahim is now a PT candidate for federal deputy.

Another granted amnesty, also a PT candidate for federal deputy, is Altino Dantas Junior, who received that benefit when he still had 81 years of imprisonment to serve, after serving 12 years for his involvement with an urban guerrilla group in the 1970 decade.

Another who was cassated, Gastone Righi, laments the day-to-day effects of losing political rights. Cassated in 1969, when in the MDB, he is now a member of the PTB and a candidate for federal deputy. Gastone Righi asserts that "having your political rights suspended means being guarded by even a block inspector."

For Righi, who was gradually able to rebuild his career as a lawyer, "no one can realize the importance of political rights unless he has lost them. Being cassated," he explains, "makes you an outcast from the system and from society."

Many of those who were cassated, however, rebelled against this new status. Among these perhaps the best known is former president Janio Quadros, whose name was in third place on the first list of cassations announced on 9 April 1964 by the Supreme Command of the Revolution.

Despite being cassated, Quadros did not give up his political activity, forcing the government in 1968 to confine him for 120 days to the city of Corumba as punishment for his constant statements and communications. After this forced silence, the ex-president returned to the political scene and, now in the PTB, is trying to define his future.

Understanding Punishment, One of Objectives at Stake

There are few of them and they are cautious. Scattered through some cities in the interior of Sao Paulo State, they are trying, in this first election after amnesty, to reorganize their public lives, returning to the streets, the platforms, joining the new parties, all of them hoping to be elected on 15 November. Some promise to continue the struggle abruptly interrupted by cassation of mandate and suspension of political rights; others have changed their tune and speak about current issues and proposals, each in his own way trying to make the best use of political liberalization. Even to the point of trying to learn why they were cassated.

Former state deputy Joaquim Jacome Formiga, cassated in April 1969, when a member of the MDB, to this day does not know the reasons for that decision. He was never notified of the suspension of his mandate: "I only heard the news on the 'Voice of Brazil' and never went back to the Assembly." He is now a PTB candidate for state deputy in Sao Caetano do Sul, in the ABC [refers to industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul].

But another former state deputy, Fernando Perrone, who was on the first cassation list after promulgation of AI-5 in December 1968, does know why his name was there: "I was classified as a subversive because as a deputy I was constantly critical of the regime; for example, I asked for a special commission of inquiry into the torture that was beginning in the state." A sociologist and journalist, Perrone will be a candidate for a seat in the Sao Paulo Legislative Assembly.

But not all those cassated are from the opposition. In Bauru, former deputy Nilson Costa works tirelessly in his campaign to be elected mayor of the city for

the PDS. Leader of the railway workers of the Northwest Brazil Railway, Nilson Costa was president of their union when the 1964 Revolution occurred. Always connected with the UDN, he was cassated in 1966 when a candidate for reelection to the Legislative Assembly, now as a member of the ARENA.

Francisco Gomes was also a union official and leader of the railway workers. In 1961 and 1962 he led the railway workers strikes in Sorocaba and eventually had his political rights suspended due to this participation. After asylum in Chile, he was also in Panama and Cuba, where he remained for 6 years. Granted amnesty, he returned to Brazil in 1979 and in November will be a PT candidate for the Sorocaba municipal council.

Another candidate in Sorocaba is former state deputy Juvenal de Campos, cassated by AI-5 in 1969 and granted amnesty, interrupting a long political career begun in 1948 when he was elected to the Sorocaba municipal council.

Juvenal, 64, believes it is not too late to begin again and has started his campaign for state deputy, running for the PTB.

In Jales, former state deputy Roberto Rollemberg is emphatic: "My cassation was never explained; I was not charged with any corruption or subversion." To him, who was cassated in 1969 and served all 10 years of his suspension of political rights, his cassation was "political." A PMDB candidate for the Chamber of Deputies, Rollemberg thinks it is fair to assure candidacies to those who have been cassated, asserting that this "is the way parties bring them back into politics."

Another PMDB candidate, Aluisio Nunes Ferreira Filho is moving to Sao Jose do Rio Preto, where he will devote himself exclusively to his campaign for the Sao Paulo Legislative Assembly. At present Aluisio Ferreira teaches at the Largo do Sao Francisco Law School and is state's attorney.

Former chairman of the 12 August Academic Center at the school where he teaches, Aluisio Ferreira was cassated on the basis of the National Security Law for his activities as a student leader.

In the Paraiba Valley, only one cassated politician is again a candidate. He is Jose Marcondes Pereira, former councilman--for the defunct Brazilian Socialist Party--and ex-mayor--for the erstwhile Labor Renovation Movement--of Sao Jose dos Campos. Marcondes was also an MDB state deputy. That is the position he held when cassated by AI-5 in 1969.

Return Viewed Sympathetically in Santos

Santos, the record-holder in cassations for political reasons, views sympathetically the activity of those who recovered their rights and are once more running for office. Still an opposition stronghold and unhappy about not being allowed to elect its own mayor because it is a national-security area, Santos does not seem to offer much hope for the PDS.

The only former cassated politician who is a PDS candidate, Alvaro Fontes, knows about these difficulties and is campaigning inland and along the northern and

southern coast. He also admits he may be benefited by the large number of candidates the PMDB will have.

In the PMDB, campaigns are already underway for formerly cassated Nelson Fabiano Sobrinho, for state deputy, and Marcelo Gato and Mario Covas for federal deputy. Esmeraldo Tarquinio, who in 1969 was elected mayor but was cassated before he could take office, is the natural candidate for mayor if autonomy comes. If this does not occur, Tarquinio will probably run for state deputy. And for the PTB there is Gastone Righi, aide to Janio Quadros and candidate for federal deputy, with good chances.

All those who lost their political rights have a certain aura of being victims of injustice, which benefits them with the voters. None of them to this day knows why he was cassated. "None of us had access to any trial--had there been trials for those who had access. We had no right to defense and there weren't even any sentences pronounced," asserts Gastone Righi.

Marcelo Gato, former federal deputy, and Nelson Fabiano Sobrinho, former state deputy, lost their mandates on 5 January 1976 through a decree signed by then-president Ernesto Geisel. The two still do not know why their political rights were suspended. Their names had been published months before by security agencies, among scores of others, as having had Communist Party backing in their elections. But the others mentioned had no problems. On 24 December, in being interviewed by O ESTADO DE SAO PAULO, they labeled "ridiculous and frivolous" the accusations made by DOPS [Department of Political and Social Order] that they were involved with the Communist Party. They added, at that time, that they were not worried, "because the Brazilian people know how the testimony was obtained by the DOI/CODI [Department of Domestic Operations/Internal Defense Operations Center]."

In publicly mentioning the existence of torture, the two politicians prompted vehement denials by the then secretary of public safety, Col Erasmo Dias, and an invitation to provide details to DOPS. They did not go, alleging they had not been summoned. It is known that later there was a meeting, with Colonel Erasmo, at which the politicians reiterated their charges. Fabiano and Erasmo had a heated exchange. The cassation came a few days later.

Nor does Alvaro Fontes know the real reasons for his cassation: "They were unable to find anything against me in terms of corruption. And I have a background of anti-communist positions." Former chairman of the Santos council and ex-secretary of tourism for then-mayor Silvio Fernando Lopes, Alvaro Fontes says he must have displeased some politicians. He does not mention names, but his friends recall that, although in the ARENA, he was an opponent of the federally-appointed "interventor," Clovis Bandeira Brasil, then implicated in charges of irregularities and who was eventually removed from office.

8834

CSO: 3001/186

ARMY REPORTS EPL, FARC CLASH

Bogota, EL SIGLO in Spanish 16 Jun 82 p 3

[Article by Jorge Gonzalez]

[Text] Yesterday an army source disclosed that the conflict between the action cadres of the guerrilla groups, "People's Liberation Army" [EPL] and the "Revolutionary Armed Forces of Colombia" [FARC] has moved from the political plane to a more military type of confrontation.

The clash between the two extremist groups produced its first bloody results last weekend when in Doncello, Caqueta Department, the peasants Jose Evaristo Garcia Lopez, Idelfonso Perez Rios and Luis Corrales were "executed." An investigation of the crime by the Military Intelligence Service revealed that the victims had been members of a FARC support network.

Papers were found beside the bodies in which EPL took credit for the shooting of the peasants and announced a "clean-up of the enemies of our cause who are precisely the enemies of our people."

According to the report by the military source, the conflict started when the guerrilla leaders of the two groups could not come to an agreement on a joint proposal of peace terms or on a joint position with regard to the government announcement ending the crisis situation and lifting the state of emergency.

The disagreements became even greater when the cadres of the two guerrilla groups learned of the decision of the "general staff" of M-19 to call a halt to its activities until 20 July in order to facilitate an end to the state of siege.

According to the military intelligence spokesman, FARC and EPL considered that M-19's decision "left uncovered important battle fronts, including the Caqueta Department." They decided to redistribute their zones of influence in that area. However, when they attempted to fix the borders of their respective zones of action, serious disagreements and conflicts of interests arose.

Reports from a very reliable source also indicate that armed bands belonging to the two groups engaged in battles in the Meta and Caqueta areas. This was also confirmed by spokesmen from the Seventh and Ninth Brigades. The actual outcome of those military engagements is not known.

It is also known that at a recent summit meeting of guerrilla leaders the disagreements between the two groups were discussed. At that "high level" meeting they also were unable to "smooth over their differences" nor were they able to find a point of rapprochement which might lead to the end of the conflict.

The military source commented to EL SIGLO that, "It is evident that the two groups are also struggling to win over the support of the civilian population of the borderline areas which recently, with the assistance of the armed forces, have been ridding themselves of guerrilla violence."

According to the army, the confrontations were predictable, especially if one takes into account that the two organizations are faced with the disintegration of their cadres.

The spokesman added, "The amnesty will continue to be a good solution for them."

He also pointed out that the forces of the two groups have been largely destroyed by the vigorous operations of the antiguerrilla forces which, after all, created the conditions which now make it possible to think in terms of the reestablishment of institutional order.

9204

CSO: 3010/1796

SCHLESINGER ARTICLE CITED ON ISSUE OF FALKLANDS

Bogota EL ESPECTADOR in Spanish 17 Jun 82 p 2-A

["Themes of Our Time" column by Antonio Panesso]

[Text] Arthur Schlesinger, Pulitzer prize winner in biographical literature, an expert in the history of the Kennedy and Roosevelt families, commented in the Wall Street Journal on the balance of war in the Malvinas Islands and the relations of the United States with the rest of the Americas without the word "our," spoken about in footnotes of newspapers.

The decision to back Britain after the breakdown in the negotiations was necessary and proper. The unavoidable consequence in Schlesinger's opinion (and of many others) is the deterioration of relations with Latin America, a phenomenon which is likely to be temporary. After all, Argentina "is not, nor has she been a staunch ally" and neither has she maintained a policy of American solidarity. In times past, Argentina has been a most persevering and ardent opponent of hemispheric solidarity, particularly against "the Colossus to the North." Why? Well, because Argentina has always wanted to be "the Colossus to the South."

As an Argentine foreign minister said in 1862, "the American republics have more ties of mutual interest and understanding with several European states than amongst themselves." Maybe so, even now. In 1865 at the Congress of Lima, Argentina rejected the idea of multilateral treaties of security within the hemisphere. In the First Pan-American Conference (1889), Argentina demanded the exclusion of the United States in any regional organization. During World War I, President Irigoyen said: "Argentina will not be dragged into the war by the United States" and tried to persuade her neighbors toward neutrality.

The Good Neighbor Policy announced by Roosevelt found in Argentina a bitter opponent. In the Buenos Aires Conference (1936), Argentina fought against Cordell Hull's very reasonable proposal in the sense that the American states consult among themselves in facing an external threat to the hemisphere. When World War II began, Argentina returned to her traditional policy of backing any European power against the United States. She proclaimed neutrality and allowed the Japanese and Nazi agents to use her

territory as a base for espionage and subversion. She finally broke off relations with the Axis in 1944 when defeat appeared imminent. Or said another way, the Argentines went along with things until the last moment before accepting a reality which they do not like.

The efforts of the Reagan administration to align Argentina with its friends has been against historical tradition and geopolitical reality. Mrs Kirkpatrick is the only one who is more hardheaded than Mrs Thatcher, which is really saying something. Up to the last moment she tried to save the military junta, a dictatorship, for the simple reason that it was 'anticommunist' and even though it was obvious that Argentina was playing a Soviet card. The ambassador and Secretary of State Haig have fought in public several times and nothing happened, right before the kindly and somewhat uninformed look of President Reagan, peacefully innocent of international reality as cowboys are accustomed to being.

And "our America"? Countries like Guatemala and Venezuela cried loudly about "American solidarity" in backing Argentina, while at the same time Venezuela was planning to take a tremendous bite out of Guyanese territory and Guatemala held hopes of overpowering Belize with a gentle slap of the hand. How's that for fraternal solidarity? The Argentines may be right (and I believe they are) in their thesis that Europeans can be better friends of ours than the Americas themselves under many circumstances. The correct conclusion from their viewpoint is to face the English alone, don't think that Indians and Blacks in the other American nations will slaughter themselves for white Argentines. It is that incongruence that has put the Argentines in the desperate situation they are in and the military junta at an untenable crossroads. Galtieri, the one who talked most, did the least. The heroes in the war among Argentines have been the unsurpassed and very brave boys in the air force, represented on the Junta by General Dozo, a discreet man who, so it seems, did not participate in the extreme radicalism of his colleagues. The recruits, young Argentine novices who surrendered at Port Stanley, did all that they could, faced with a professional English force, the best in the world of its kind. The Argentine people, as such, have nothing to be ashamed of except perhaps of not grasping an historical opportunity to rid themselves of a dictatorship and rebuild the nation in Western European style, a fairly acceptable model.

9908

CSO: 3010/1795

BRIEFS

M-19 THREATENS COCA-COLA EXECUTIVES--Bucaramanga, Jun 9--The M-19 clandestine movement vindicated the terrorist hit that took place a few weeks ago against the Coca-Cola Company and threatened several of its top executives in a report handed to local communications media. The regional leaders of M-19 sent a copy of the letter forwarded to the director of the transnational company and its other directors to the editorial staff of EL SIGLO in this city. The subversive group is sure that "the bomb that went off in the company offices last week and which destroyed the administrative offices is only an attention-getter; but if their attitude of persecution, humiliation and exploitation continues we will be unable to consider it as anything different towards antipatriots and anti-Colombians and they will be treated as such." So states M-19 in defense of the workers in the Santander bottling company which bottles Coca-Cola here, who are presently negotiating with the company in light of numerous petitions. The letter M-19 sent to the executives in the firm urges adjustment in workers' wages and it stresses that "when they make use of their workers' legal rights to demand better wage and loan consideration, the responses are dismissals, sanctions and sometimes incarceration." On learning about the M-19 threat, the authorities started a plan to protect high officials in the transnational firm and a permanent watch is kept over them. [Article by Gerardo Ramirez] [Bogota EL SIGLO in Spanish 10 Jun 82 p 2] 9908

M-19 KILLS TWO POLICEMEN--Cali, 9 Jun--Two veteran police officers were murdered by guerrillas who attacked a headquarters site in a Cali suburb, it was learned officially. The attackers were transported in a stolen public service vehicle. The driver was told by a man and a woman that nothing would happen to the car. "We only need it for a little job," they explained. After gagging him, they left him in a deserted spot. At midnight the guerrillas, members of M-19, came to the police station in Union, a low-cost housing barrio located southeast of Cali, and started their surprise attack. The people in the neighborhood think the police even exchanged shots with the insurgents. With a few minutes, nevertheless, Luis Abad Torres, 44, from Guapi, in Cauca, and Griseldino Mina, 37, a native of Caloto in the same state, were killed. Both men were married, fathers of families and were assigned to the First District police station in Cali. The police station in the crowded barrio did not even have a radio or telephone. According to unofficial reports, an action of this sort took place recently in that same

station. People in the vicinity told the radio station that they heard at least 30 shots fired. Once the two policemen were killed, the guerrillas, four heavily armed men and a woman, entered the station from which they carried off at least eight revolvers and ammunition. They also took the personal weapons of the policemen. On 21 May the commander of the motorized squad from Station 100 in Cali, Lt Hernando Arturo Quijano Rodriguez, was killed by persons unknown as he was leaving his residence in Junin, a barrio of Cali, enroute to a Fifth Station general meeting he was to attend. [Bogota EL TIEMPO in Spanish 10 Jun 82 p 2-B] 9908

FARC, EPL LEADERS CAPTURED--Military sources have reported that Walter Jose Rodriguez Vazquez, the ideologist of the FARC [Revolutionary Armed Forces of Colombia] groups operating in the Guaviare, has been captured by Seventh Brigade troops. They said that they found five revolvers, one 22-caliber carbine, one 12-caliber shotgun, a hand grenade and an outboard motor in his possession. He was captured on Monday on Calima Lane, San Jose de Guaviare Municipality, at almost the same time as units of the FARC ambushed an army patrol at San Vicente de Caguan, Caqueta, during which a captain and seven soldiers were killed. Military sources who were queried in Bogota said that they have not received word regarding contact with those who made the bloody attack even though, it has been disclosed, troops are searching intensively for the group of attackers in the area where the ambush took place. Three EPL [People's Liberation Army] troops were captured. It was also reported that Seventh Brigade units captured in Villavicencio three members of the People's Liberation Army [EPL]. They will be turned over to the competent authorities. Their names are Miguel Herreno Solano, Carlos Arturo Quevedo Barrios and Maria Omaira Valencia. [Text] [Bogota EL ESPECTADOR in Spanish 17 Jun 82 p 9-A] 9204

FARC TRUCE DECLARED OVER--Florence, 15 Jun--The group which calls itself the Revolutionary Armed Forces of Colombia, FARC, announced today the end of the truce which it has been observing because of the electoral campaign. They said that within a few days they will renew their military actions in the Department of Caqueta. In a clandestine bulletin signed by the so-called FARC general staff, they express regret that the National Peace Committee was dissolved. At the same time they express misgivings about that body because it has attempted to hold conversations with only one sector of the Colombian guerrilla forces, excluding others which FARC alleges have well-known influence on important sectors of public opinion. The bulletin also urges the members of the Caqueta Department Subcommittee for Peace to keep that body alive and to continue the struggle for peace in the new department. The Regional Peace Committee consists of Msgr Jose Luis Serna Alzate; Fabio Pena Cardenas, lawyer; and Assembly President Jorge Olaya Lucena. The document criticizes M-19 for attempting to get closer to certain sectors of the nations, abandoning its revolutionary principles. "M-19 has sought by every means to reach agreement with one sector of the bourgeoisie which will allow them to return to a legal status without clarifying what would happen to their own principles."

In spite of their announcement that military operations will be resumed, the bulletin says, "the doors remain open for discussions to seek peace, which should be the work of the people and should be linked with a solution of their fundamental problems." In spite of the announcement, last weekend FARC ambushed a military patrol near San Vincente del Caguan during which they killed eight military men. [Article by Jesus Maria Codano] [Text] [Bogota EL TIEMPO in Spanish 16 Jun 82 p 3-A] 9204

CSO: 3010/1796

INCREASE IN BUDGET OF 4 BILLION COLONS REQUESTED

San Jose LA NACION in Spanish 18 Jun 82 p 4A

[Text] Requests for 4 billion colons in additional funds for the current year were presented by government departments and universities to the treasury, it was disclosed yesterday.

These requests were made with the idea of having them included in a special budget that will be sent to the legislature.

Nonetheless, some officials indicated yesterday that the requests are simply absurd and announced at the same time that it will be impossible to consider them.

The requests presented by the central government add up to more than 3.5 billion colons, but it is believed that other requests will reach the treasury within the next few days, pushing that figure up.

To this figure, 365 million colons requested by universities to complete this year's activities, will be added, although it was mentioned that possibly the presidents of these centers of higher education will be told that it will be impossible to give them more than 200 million colons.

Problem

The requests for additional funds were presented by the departments in order to take care of a series of programs not completely financed in accordance with the funds appropriated by the General Budget Law of the Republic.

It has even been said that some important programs have virtually come to a standstill due to a lack of financing. Besides, considerable amounts of money have been requested to take care of contingencies such as increases in fuel prices and fluctuations in the type of dollar exchange that affect expenditures.

The president of the republic himself, Mr Luis Alberto Monge, and his cabinet ministers learned of the requests for additional funds presented to the Ministry of the Treasury up to now, but they are not familiar with the details.

However, once all the requests are collected, they will examine them more carefully, it was explained. Nonetheless, official accounts reveal that some ministers seemed disturbed by the high amount requested for inclusion in a special budget.

It was even said that in view of the impossibility of satisfying all the requests and in order to try and restrain public expenditures, some departments won't receive a single additional penny.

Exam

The central government financial deficit amounts to 4 billion colons at the present time and if the requests for funds presented up to now are approved, the shortage will be over 7.5 billion colons.

This fact raises serious questions among government economists, especially since they believe that neither the exchange situation nor the inflation problem will be solved if expenditures are not limited.

Besides, it is completely uncertain what financial resources will be utilized to obtain the needed funds. "There is absolutely no place to get that money from," it was said unofficially.

Confronted with such problems, treasury officials will study the requests that have been presented and most likely they will assign spending priorities in order to establish what should be included in the special budget and which liabilities they will be unable to finance.

Universities

When it was unofficially learned that the government could only allocate 200 million colons to the country's universities, notwithstanding the fact that they had requested 365 million colons, the officials at these institutions remarked that this measure could cause them serious problems.

The president of the National Council of University Presidents (CONARE), Dr Fernando Duran Ayanegui, said that at some point they were advised of the possibility of their having to conclude their activities with 200 million colons.

Nonetheless, he said that his answer was that with that amount of money "not even the salaries could be completely paid."

He also said that new efforts were started yesterday to hold more consultations with the committee of ministers put together yesterday by the government council to examine the financing of the universities.

This new committee consists of the following ministers: Eugenio Rodriguez Vega, public education; Dr Federico Vargas, finance; Mr Claudio Volio, economic planning and Mr Fernando Berrocal, that of the presidency.

The first meeting that the university presidents will have with these officials will probably take place today.

In view of all these situations, government officials appeared worried yesterday by the fact that the tax reforms that they are trying to put through the legislature (and which would give the national treasury 2 billion colons annually in additional revenue) is beginning to suffer some setbacks.

According to what was said, the problem is that some legislators presented more than 30 motions to change the allotment of some of the future revenues and keep them from finding their way into the nation's treasury.

It is believed that this attempt of the legislators will aggravate the nation's financial problems and the possibility of the discrepancy between the revenue and the expenditures of the national treasury.

9907
CSO: 3010/1761

GOVERNMENT TO BEGIN FOREIGN DEBT REPAYMENT IN JULY

San Jose LA NACION in Spanish 15 Jun 82 p 4A

[Article by Lafitte Fernandez R.]

[Text] Next month the government will begin partial payments on interest overdue on the foreign debt, which includes liabilities contracted locally with holders of certificates of deposit in dollars.

The presidential adviser in matters of foreign debt Rodolfo Silva stated yesterday that monthly amortizations will amount to \$6 million.

Those monies will be shared by private international banks to which the treasury owes some \$1.3 billion, governments that loaned money to the country, and holders of "Eurobonds" and foreign exchange reserves certificates.

According to unofficial estimates, foreign exchange reserves certificate holders would be able to collect one-sixth of the \$6 million in the form of delayed interest payments, that is, almost one million dollars per month.

Nevertheless, the initial sum which will be used to pay off that interest could grow to \$10 or \$15 million each month, in keeping with the economic recovery that is taking place according to government plans.

That payment plan, which does not refer to the principal amount of the liabilities or fully pay off the delayed interest of the foreign debt, was accepted by the representatives of the treasury's private creditor banks during a meeting of those representatives with ranking government officials last week in New York.

In addition to Mr Silva Vargas, Dr Frederico Vargas, minister of finance, Marcos Lopez, minister of economy, and Dr Carlos Manuel Castillo, executive president of the Central Bank were in attendance at the conference.

The Plan

Government spokesmen met with a committee of bankers representing Costa Rica's 170 creditor banks.

Payment of the principal and interest of the \$1.3 billion owed had been suspended since August of 1981.

The Costa Rican mission explained to those creditors at the outset the economic and financial measures adopted.

The announcement that partial payments would be made on overdue interest was done for the purpose of recovering honor and achieving survival for Costa Rica on world capital markets, according to Silva Vargas.

The total foreign debt (estimated at \$3 billion dollars) makes it necessary for the country to pay \$15 million in interest monthly.

However, because of the crisis the nation is currently facing, government representatives stated that initially they would only be able to allocate \$6 million for that obligation.

After some deliberations with the bankers, it was agreed that those partial payments will amortize the overdue interest until this June (and since August of 1981) amount to \$260 million.

Logically, the balance of overdue interest will increase every month as a result of not paying the \$15 million required in full. Nevertheless, the government's plan is that the balance will decrease each month as the monthly \$6 million increase.

The increase in monthly payments will be in accordance with the growth of the Central Bank's monthly foreign exchange income (\$70 million now) and due to a possible greater flow of net capital to Costa Rica (new funds arriving).

Principal and Deposit

Local negotiators told the bankers that the monthly \$6 million would be deposited in a special account.

Nevertheless, because of the necessity of the 170 bankers of maintaining reserves that would allow them to service what they called "bad accounts" (those overdue), in keeping with their financial systems, it was decided that payments would be made directly.

Silva Vargas also stated that there will be new meetings with the private international bankers late this year to restructure the balance of the overdue interest which does not allow for servicing the partial payments and principal liabilities.

In this manner they will fight the legal action taken by at least two international banks against the country, since those creditors are then expected to halt those proceedings.

Last weekend Silva flew to London after the conclusion of the meeting with the private bankers. There he announced to holders of \$140 million in

bonds released by the state to attract resources to the country that they too would be paid interest.

That second conference was attended by representatives of holders' groups located in Singapore, Japan, West Germany, Switzerland, France, and England.

The holders of those securities have repeatedly demanded that they be paid that interest. It was even said that Costa Rica has taken on an attitude unheard of on the international financial market by trying to renegotiate the interest and principal payments of those bonds.

Nevertheless, Silva Vargas clarified that the principal liability of those securities does not fall due until 1985 and that, moreover, the payment of interest is not uniform but that, for example, dividends are paid to the German bond holders once a year (in October) and twice a year to investors from Singapore.

Certificates

Certificates of deposit in dollars are documents issued by the Central Bank to acknowledge to the businessmen the difference in exchange rates between the dollar pegged at 8.60 colons and the dollar on the free market, this being when the fluctuation of the colon began.

The Central Bank issued \$315 million in those securities, and up until March of this year owed \$32 million in interest.

Moreover, some \$44 million owed on foreign exchange reserves certificates, as they are also called, are today liabilities that have fallen due.

Silva Vargas was clear when he explained that part of the \$6 million that will be used to pay overdue interest on the public debt will be used to defray the dividends owed to the holders of those documents.

The position taken by the Costa Rican businessmen on their obligations was strengthened by the negotiators who went to New York to ask that the United States Federal Insurance Agency and Eximbank grant greater flexibility in renegotiating the foreign debt of the former.

9983

CSO: 3010/1753

AGREEMENT REACHED IN 42-DAY-OLD DOCTOR'S STRIKE

San Jose LA NACION in Spanish 8 Jun 82 p 6A

[Text] Although the government maintains that it has agreed to incentives equivalent to a raise of more than 2,000 colons and physicians claim that they don't amount to more than 1,500 colons, the truth is that a conciliatory agreement between both parties was signed last night.

The ceremony took place at the Ministry of Labor after 8 and a half hours of negotiations and Mr Bernal Jimenez, leader of the Liberation faction in the legislature, also signed the document.

A general assembly of physicians that is to take place today at the College of Physicians and Surgeons must ratify the agreement and order the renewal of outside consultation at clinics and hospitals which stopped 42 days ago.

Thus explained Dr Hernan Chavarria, general secretary to the Union of Medical Sciences Professionals, who added that the strike may come to an end tomorrow.

That same day, the lecture courses must also begin at the University of Costa Rica Medical School, whose students joined the movement on 17 May as an act of solidarity with their professors.

The Strike

The odontologists, microbiologists, pharmacists, physicians and clinical psychologists of the Costa Rican Social Security Institute (CCSS) and the National Insurance Institute (INS) went on strike last 27 April.

That is to say, it is 42 days ago today that they decided to file a claim for 2,000 colons in compensation for the institute's violation of the contract to form a consumer's cooperative in 1980.

The General Comptrollership of the Republic opposed the measure that had been approved by the CCSS board of directors during Rodrigo Carazo's administration, with the argument that it went against budgetary regulation number 72.

This regulation prohibits autonomous institutions from granting salary increases larger than those established by the executive power for the public sector and on the previous February it had approved a salary increase of 1,300 colons.

In exchange, the government offered to work on a new law for medical regulations since the one in effect dates back to 1966 and is "old, anachronistic and inadequate," as the committee's executive director, Dr Guido Miranda asserted.

The Agreements

Thus, in the new law regarding medical regulations which a bipartisan commission must draw up within 4 months and submit to the legislature for consideration, there will be three different incentives.

The first one is an annuity of 5.5 percent over the base salary for those who work more than 4 hours in outside consultations.

The second one is an 11 percent increase over the actual salary for those who work in hospitals, followed by another 12 percent increase for outside consultations.

For practicing medicine in rural areas the incentives are 10, 12 and 14 percent.

Besides this, the base salary increased by 1,200 colons reaching the level of 9,000 colons. To this will be added the 1,300 colons approved by the president in February, plus the incentives.

For the rest of the professionals, that is to say, odontologists, microbiologists, pharmacists and sociologists, the salary increase was 500 colons and thus their salary will be 8,300 colons.

An annuity of 5.5 percent plus 1.5 percent for each hour spent in outside consultation will be paid. They will receive the same incentives for working in hospitals as for working in rural areas, as well as an 11 percent annuity in return for exclusive dedication.

The physicians turned down the recognition of exclusive dedication.

On the other hand, the incentives will not be retroactive to January as the strikers were demanding, but will be in force at the conclusion of the strike. Nonetheless they won't become effective until 4 months afterwards when the legislature approves the statute.

Another request made by physicians was that the government guarantee future salary increases in a 3 to 1 proportion. In other words, to maintain salary increases 3 times as large as the average for all public employees.

Labor Minister Guillermo Sandoval refused to divulge whether they had agreed to the union's demands. He insisted that the president is prepared to try and help physicians win future salary increases.

Besides, the strikers were asking for immunity from reprisals against them once the strike came to an end and Sandoval said that the president would try to negotiate the cessation of punitive action begun a few weeks ago against 400 strikers. Nonetheless he explained that this was in no way a compromise of the power of the judiciary to comply with the petition.

Requests and Final Agreement

Initially the physicians were asking 2,000 colons over the last salary increase. After the strike had gone on for 33 days they asked the following:

--an annuity of 10 percent of the base salary and successive increases during the next 4 years until it reaches 40 percent.

--14 percent over the actual salary for hospital physicians.

--creation of an incentive for dedication to health 20 percent over the actual salary.

The following was agreed:

--an annuity of 5.5 percent over the base salary for doctors who work over 4 hours in outside consultation.

--11 percent for doctors who work in hospitals.

--12 percent for outside consultation.

--10, 12 or 14 percent for doctors who work in rural areas.

9907

CSO: 3010/1761

CENTRAL BANK UNANIMOUS IN OPPOSING REFORM

San Jose LA NACION in Spanish 17 Jun 82 p 4A

[Text] The decision made by the board of directors of the Central Bank of Costa Rica to oppose a series of measures added to the institution's charter by the Commission for Financial Affairs of the Legislature, was passed unanimously, an official source revealed.

It seems that three of the government ministers who are members of the bank's board of directors changed their opinion regarding the reforms being carried out in the legislature, inasmuch as previously, during a meeting of the government's economic council, they had favored the inclusion of the measures which they now oppose.

We are referring specifically to Mr Claudio Antonio Voglio, minister for national planning; Mr Marco A. Lopez, minister of economy and commerce and Dr Federico Vargas, minister of finance.

A few days ago these ministers were aware of and indicated their support for measures presented by nine delegates from the National Liberation Party (PLN) to the project for revising the Central Bank's charter, according to a statement from the first vice president of the republic, Mr Alberto Falt.

These additions were drawn up by the legislature's Commission for Financial Affairs and they were proposed by Mr Bernal Jimenez Monge, former executive director of the Central Bank and currently leader of the Liberation bench.

The measures require that the bank work out a budget for foreign expenditures that could serve as a guide to evaluate future policies regarding the balance of payments.

They also mention the type of dollar exchanges that would correspond to the three lists of categories of import goods approved by the bank and authorize the executive power to raise by as much as 200 percent the maximum rate of selective excise tax on nonessential goods.

However, even though there were no commentaries nor rejections of the measures included in the project for revising articles 93, 94 and 100 of the Central Bank's charter in the government's economic council, the director of that institution did oppose the measures.

The board of directors of the Central Bank believe that an attempt is being made to regulate by law the discretionary powers that this institution exercises according to existing regulations, thus reducing its autonomy and options in matters essential in fighting the economic crisis.

The executive director of the Central Bank, himself, Dr Carlos Manuel Castillo, revealed that the inclusion of these measures had created disagreements among the legislators from his party regarding the ability and opportunity to pass measures during the present crisis.

Yesterday an attempt was made to obtain comments from the three ministers, but because they were occupied this proved impossible.

For his part, Vice President Fait said that the executive power won't ask the legislature either to reject or to approve the measures, out of respect for the independence of the various powers of the republic embodied in the constitution.

Support

Mr Armando Guardia, president of the Costa Rican Union of Councils and Associations of Private Enterprise, said that they have always maintained that the Central Bank should have more autonomy.

He even said that they had recommended that the Central Bank have the power to devaluate the currency whenever they believe it necessary to deal more effectively with the economic crisis.

Furthermore, he commented that they approve of the composition of the board of directors of that institution and of the reforms carried out in order to achieve greater efficiency for its members and the separation of executive power.

He nonetheless made it clear that autonomy should not mean a total disassociation of the republic's government programs.

Mr Edwin Mendez, president of the Chamber of Commerce, also recalled that the members of that organization have always striven to have the Central Bank granted the independence it needs to undertake its activities.

"The Central Bank is a technical organization and the decisions that keep it under the political influence of the presidential office must come to an end," he said.

Finally he said that they also believe that the measures proposed by the Liberation delegates restrict the autonomy of this institution.

9907

CSO: 3010/1761

NAVAL BASE BEING CONSTRUCTED IN NORTHERN PACIFIC

San Jose LA NACION in Spanish 14 Jun 82 p 8A

[Article by Hubert Solano]

[Text] For reasons of national security, the government is constructing a naval base in the northern pacific of Costa Rica whose facilities will also be used to develop a commercial fishing program.

The fishing-naval base is located in the village of Guanjiniquil, on the bay of Santa Elena, in the canton of La Cruz, Guanacaste, and will cost 25 million colons. The Costa Rican Institute of Pacific Ports (INCOP) is in charge of the work.

Our country now has facilities of this kind at Puntarenas and Golfito on the Pacific coast and at Limon on the Caribbean coast.

Guanjiniquil, therefore, will be the fourth base.

There were multiple incidents in the past when both Nicaraguan and Costa Rican authorities detained boats and accused each other of fishing piracy in each other's waters.

The aforementioned is due to the fact that the maritime boundary between the nations' respective waters is as yet not clearly defined. That is the reason why Rodrigo Carazo Odio's administration initiated talks with the members of the government junta of Nicaragua to try to clear up the problem.

Former Minister of Public Security Arnulfo Carmona Benavides even announced that a special system of buoys would be placed there to avoid more problems.

It is now the duty of Minister of Public Security Angel Edmundo Solano Calderon and chancellor Fernando Volio Jimenez to hold talks with the Sandinist commanders on the matter.

The base at Guanjiniquil is 30 percent constructed at the present time.

It is expected to be completed next year. It consists mainly of a 60-meter-long dock, office buildings, a refrigeration room, ice factories, and other facilities.

Financing for the work was arranged with the Interamerican Development Bank and the Venezuelan Investment Fund. This institution is also expected to contribute \$400,000 in working capital.

In addition to providing security for the nation, the government is trying to improve the economic situation of the commercial fishermen in that region, since they have worked under bad conditions and with rudimentary systems for many years. Swordfish, snapper, shrimp, and other species are abundant in the bay of Santa Elena. It was also reported that once the base is established, the problem of pirate boats' poaching in our waters will be over.

When the Puntarenas naval base is informed of the presence of those boats, patrol boats are dispatched immediately. But when they arrive at the location, the pirate boats have already disappeared.

Also, when patrol boats set out from Puntarenas, they cannot go too far out to sea to pursue the pirate boats because they will run out of fuel. Once they are stationed in Guajiniquil, however, they will be able to do this.

INCOP officials Alban Rugama and Fernando Lee are in charge of the project. Moreover, they have the support of the member of the board of directors of the institute, Claudio Gonzalez.

INCOP is organizing a visit to Guanjiniquil for the purpose of further itemizing and implementing this plan. First Vice President of the Republic Alberto Falt and other government authorities will be invited.

During the Sandinist revolution against the regime of toppled dictator Anastasio Somoza, Guajiniquil was temporarily used as a port to bring in goods from El Salvador and other countries by ferry.

3010/1753
9983

BRIEFS

DECREASE IN COFFEE SALES--As of May, coffee sales were \$43 million lower than they were during the same period last year, according to a report made by the Bureau of Coffee. Quintals exported numbered 1,205,824, with an average price of \$110 for quintals loaded on rails (sold in a Costa Rican port). Total income derived was \$133 million. As of May last year, 380,981 additional quintals had been sold to make a total of 1,586,805; they were sold at \$111 each, to make a total value of \$176 million. In accordance with the quota system currently being used by the International Coffee Organization (ICO), Costa Rica may export 1,314,000 60 kg sacks to member countries this year. Already 240,000 quintals--an amount representing 10.6 percent of the 1981-82 harvest--have been exported to nations not members of the ICO at an average cost of \$77.74 per quintal. [San Jose LA NACION in Spanish 4 Jun 82 p 6A] 9983

CSO: 3010/1753

WORKER ACCIDENTS IN CONSTRUCTION CONTINUE TO DECLINE

Havana JUVENTUD REBELDE in Spanish 17 Jun 82 p 2

[Article by Irene Reyes]

[Text] The construction sector is effectively responding to the criticism made during the eighth plenary session of the Central Committee by the people in continuing to reduce work accidents, particularly those which are fatal.

From January to May of this year, the number of those who died from fatal accidents is 13; this is 13 less than the comparable figure for 1981; in 1980, there were 33, and in 1979, 32.

The statistics also show that a total of 100 persons died from work accidents in 1979 as a whole, while, in 1980, the total came to 98. It was not until 1981, when an intensive effort was made to eliminate work accidents, that the yearly total dropped to 59.

With regard to this effort, a program was initiated in the form of a labor protection and hygiene directorate under separate and specialized management and with the authority necessary for its administration; in addition, plans were made to establish committees of socialist legality, an institution covering the entire work force from the rank and file to the highest level, and having, among its objectives, the task of thoroughly analyzing the causes of an accident or the violation of a safety procedure by one of the firm's employees.

Approximately 250,000 workers are in the service of the Ministry of Construction [MICONS], most of whom have jobs of high technical complexity and danger, adequate reasons to justify the need for strict observance of instructions relating to physical safety and environmental conditions.

At present, the Directorate of Labor Protection and Hygiene, subordinate to MICONS, is working in conjunction with the respective union in a broad campaign which supports the proposition that the workers and professional people of this sector should become aware of the importance of the preservation of their lives. In this connection, they are to avoid unsafe acts and conditions and, simultaneously, promote the correct use of safety equipment.

HURTADO COALITION HAS LEGISLATIVE MAJORITY

Quito EL COMERCIO in Spanish 21 Jun 82 p A 1

[Article by Miguel Rivadeneira]

[Text] The government of President Osvaldo Hurtado is practically assured a legislative majority for the next regular session of the National House of Representatives to begin next 10 August.

Fifty days before congress is installed in full session, in legislative circles and in accordance with trend, it appears that the regime is assured a legislative majority, unless existing alliances are broken with the parties Concentration of Popular Forces [CFP] and Democratic, as well as the block of Roldosist legislators. With the legislators now belonging to these parties and to Roldosism, the government will have a legislative majority, in addition to other representatives who were already with the regime last year, provided, of course, that there are no surprises. It would be logical for the legislators of the governing parties to be with the government in the House.

With little more than a month and a half remaining before the beginning of the fourth regular session of the House of Representatives, the government's political platform is presently supported by three legally recognized political parties and the group called Roldosist which brings together 12 legislators.

The Popular Democracy Party--to which President Hurtado belongs--, the CFP, the Democratic Party and the Roldosist group now total 36 legislators, who could be the base for parliamentary majority on the part of the government.

In addition, it was affirmed in legislative circles that to this number will be added other independent representatives not now active in any national political party represented in Congress.

The participation of the Democratic Party, the CFP and the Roldosist group in the government presently assures 36 votes, with which President Hurtado will be able to face a series of interpellations and political trials that some opposition sectors are beginning to announce against several national ministers.

The legislative majority will aid the government in facing the severe pressure that will begin after 10 August due to the prosecution that will be exercised by several legislative blocs.

Doubtless the country's economic crisis, caused by the poor government administration which led to devaluation of the currency and to an unstoppable rise in the dollar, will be submitted to the criticism of the National House of Representatives. That is, the ministers forming the Economic Front-- Jaime Morillo of finance, Carlos Vallejo of agriculture, Eduardo Ortega of natural resources and Orlando Alcivar of industry, commerce and integration-- will be called to the legislature in order to answer for economic performance.

It is possible that in addition to the ministers making up the Economic Front, the president of the Monetary Board, Jaime Acosta Velasco, and the general manager of the Central Bank, Abelardo Pachano, may be called to the house on account of the monetary devaluation.

Another of the state ministers whom the opposition will want to see "on the dock" in the next regular congress will be Public Health Minister Francisco Huerta Montalvo, who indicated that he will not avoid an interpellation or political trial.

Earlier this week legislators Hugo Caicedo from the Democratic Left and Carlos Llerena from the CFP announced that they will subject the minister for natural resources to political trial for his handling of petroleum policy. Minister Ortega, in turn, indicated a willingness to appear before the legislature. If they call me, he said, I will go to the house to give all pertinent explanations.

In addition, it became known in legislative circles that another certain interpellant will be legislator Leon Febres Cordero of the Social Christian Party, who has been very critical of the government's poor handling of the economy.

Febres Cordero was one of the principal interpellants in last year's regular congress. The severe interpellation to which he subjected Carlos Feraud Blum, former minister in the government, caused his immediate departure from his state post for buying toys for the elements of the National Police.

Faced with this panorama, and still far from the 10th of August, President Hurtado has sought a parliamentary majority that might give him tranquility in the executive branch, something that did not happen last year.

The head of state has the experience that in the 1981 regular congress almost all of his ministers passed through the house, either because of interpellations or in order to give reports of a different nature in the legislature.

For this reason President Hurtado's regime will not want this to recur, or at least it will not want there to be sufficient votes to censure its ministers. This is why the government is trying to assure a legislative majority.

Until the present, and as things now stand, the three governing parties and the Roldosist group represent 36 votes as follows: Popular Democratic bloc (9): Julio Cesar Trujillo, Juan Tama, Wilfrido Lucero, Juan Manuel Real, Augusto Abad, Ezequiel Clavijo, Maximiliano Rosero, Gil Barragan and Fausto Vallejo.

CFP bloc (12): Rodolfo Baquerizo, Pepe Mosquera, Luis Gavilanez, Arquimides Valdez, Julio Ayala, Galo Vayas, Carlos Falquez, Jorge Fadul, Manuel Valencia, Rafael Marquez, Juan Chamoun and Carlos Julio Llerena. Democratic Party bloc (3): Heinz Moeller, Marco Proano and Edgar Garrido.

Roldosist bloc (12): Walter Esparza, Gabriel Nicola, Cleomedes Ollague, Gonzalo Gonzalez, Manuel Daza, Jorge Zambrano, Antonio Lara, Eduardo Rivas, Reynaldo Yanchapaxi, Gustavo Valdivieso, Nelson Felix Navarrete and Gilberto Plaza. The last two belong to People, Change and Democracy, but they have shown themselves to be firmly in favor of the regime.

At the moment the other legislative blocs are made up in the following manner:

Conservative bloc (7): Rafael Armijos, Galo Pico, Pio Cueva, Gudberto Ortiz, Arturo Piedra, Rodrigo Suarez and Pablo Davalos.

Liberal bloc (3): Raul Clemente Huerta, Medardo Mora and Eudoro Loor.

Social Christian bloc (2): Leon Febres Cordero and Jacinto Velasquez.

Democratic Institutional Coalition bloc (1): Otto Arosemena Gomez.

Nationalist Revolutionary Party bloc (2): Carlos Julio Arosemena and Aurelio Carrera del Rio. Democratic Left bloc (12): Rodrigo Borja, Raul Baca, Alejandro Carrion, Rodrigo Cisneros, Gonzalo Callejas, Hugo Caicedo, Arnaldo Merino, Xavier Ledesma, Arturo Cordova, Luis Munoz, Luis Mejia and Vilem Kubes. MPD [Popular Democracy Movement] bloc (1): Jaime Hurtado.

Independents (5): Jorge Chiriboga, Edgar Orbea, Ricardo Bowen, Severo Espinosa and Jaime del Castillo (substitute Camilo Gallegos, Liberal Party).

Added to the legislators who will form the governing block, for example, would be the independent Edgar Orbea, who announced to this daily that he will return to the CFP by 10 August; Severo Espinosa and Ricardo Bowen, among others, who were already with the government in the past regular session.

In order to consolidate the legislative majority, the government will need to maintain the alliances that it has with the CFP and the Democratic Party, as well as with the Roldosist bloc, who are collaborating directly from bureaucratic posts. It is clear that the government will need to assure the 12 CFP votes, the 3 of the Democratic Party, the 12 of the Roldosists and still others.

Finally, there are still 50 days before the regular congress is installed, and many things can happen in this time.

HURTADO SEEKS CONTRIBUTION HIKE FOR MILITARY PENSION FUND

Quito EL COMERCIO in Spanish 23 Jun 82 p A 2

[Text] President Osvaldo Hurtado sent to the National House of Representatives a bill for reforming the Armed Forces Pension Law, with the purpose of financing the Military Pension Fund through an increase in the contribution now paid by military people in active service and reserves from 5 to 11 percent.

The increase also tends to make the contribution by the Military Pension Fund more advantageous in the cases of chirographic, hypothecary and certain other special loans and burial.

The president, in his statement of reasons presented in a note to President of Congress Raul Baca, indicates to him that it has been a constant concern of the government to grant to members of the armed forces retirement and disability pensions in accordance with the present economic reality, in such a way that they will not feel the impact of the decrease in their remuneration as they go from active duty to the reserves.

At the same time, he adds, it has been estimated that benefits of this type cannot be granted gratuitously, under the risk of underfinancing the Military Pension Fund, which is why there must previously be rational and adequate financing on the part of active-duty personnel.

In another part of his statement of reasons, President Hurtado explains that under the social security system military personnel contribute a smaller portion in comparison to other affiliated persons, which has produced a situation where the contributions granted them by Social Security, as in the case of chirographic, hypothecary and certain other special loans and burial, are smaller.

The head of state points out that the reforms seen for the Armed Forces Pension Law do not mean salary increases, but a rationalization of the percentage and of the calculating procedure for the Military Pension Fund contributions, including for this purpose all permanent economic concepts, so as to improve the pensions for retirement, widows and orphans, and for disability, which are now extremely low and do not correspond to the high and important responsibilities of the members of the armed forces.

WRITER HOPES COUNTRY WILL AVOID MILITARY COUP

Quayaquil EL UNIVERSO in Spanish 17 Jun 82 p 4

[Editorial by Diego Oquendo: "Coups Mentality, Did You Hear That"]

[Text] Beloved parishioners, suddenly the words "coup mentality" are returning to our daily and gloomy vocabulary. I thought that they were forever banned from our language. It should have been so, considering the doleful reality of dictatorships, their lamentable heritage that we are even now "assimilating" in the midst of terrible death rattles.

How grievous is at times the memory of some Ecuadoreans! To invoke dictatorship as a miraculous way out of our afflictions! With all of its defects democracy is the best alternative for people who want to put institutionalized arbitrariness behind them. Let us not tempt our armed forces, responsibly dedicated to performing their irreplaceable historical mission.

As for the rest, kindred spirits, a coup mentality is not the ultimate end for our military. It disparages them to induce them to play a game that perverts their reason for being, and for which they are obviously not prepared.

Let us always speak in terms of democracy. Democracy, with all its faults-- I am just repeating a concept--, has all the necessary options for overcoming domestic problems.

Who doubts that this government is obliged to rectify its errors and indecision?

But for God's sake, let us not renew a history that in the final analysis ends in tragedy.

Let us be a democratic country. Let us forever forget the dictatorial farce. Let us remember. Let us learn from our immediate past, full of frustrations!

An immediate past, terribly near, in which the farmers also had their part in the suffering. As did the business people, the industrialists, the professors and the workers, the students and the people in general. Please, I am not trying to exaggerate the negative of the historical regimes. It is simply a matter of putting your hand on your heart and establishing a balance

of the "conquests" achieved during the last three "moderate dictatorships." Without going any further, much, very much of what we now support is the direct result of such misgovernment. It happens that in similar times the judicial system falls into anarchy. Random laws are passed that alter the existing institutions, as one might expect. Nevertheless, that is not all: Apart from the installation of the "new class" into power, or one might say into public administration--which implies a dislocation of official conduct--, there also appears an influence of the latest stamp, with which administration corruption sows its malefic seeds. And what can one say, beloved parishioners, about the increase in abuses and excesses? Threats and imprisonment are the order of the day. Not even the press and its elements are free from the campaign. The leaders of the various sectors of the country's social affairs are becoming perfect targets for the next redeemers. If not, let, for example, Abbot Carlos Luis Plaza Aray contradict me. He was imprisoned during the rule of the military junta. It was during the military dictatorships that he was persecuted, and orders were issued for his arrest. On the other hand now.... He demands what he demands, and yet, no one sends him to jail. At the most there will be a trial through legal channels--if at all--at the end of which, as predicted by columnist Efraim Perez Castro, he will emerge more popular than ever.

Let us not mention the name of dictatorship among ourselves. Let us not alter the normalcy of the barracks. Let us appeal to the democratic mechanisms, which certainly do exist, in order to obtain greater effectiveness on the part of those now governing us. If democracy cannot cope with the republic and its problems, then even worse is dictatorship, which contains conflict within itself.

9746

CSO: 3010/1758

BRIEFS

INDIANS REPEL PERUVIAN INCURSION--On 1 June Shuara warriors living in the village of Maki in the province of Morona Santiago fired a hefty volley from shotguns and rifles that they use for hunting to repel a violation of air space and an attempt by a helicopter and two Peruvian airplanes to land on their airstrip. The incident was reported by the president of the Shuara Federation, Pedro Kunkumas, to Public Education Minister Claudio Malo Gonzalez, when the latter visited the Shuara villages Tutinetza and Tucupi near the Peruvian border with the purpose of verifying the gains made in literacy by the radiophonic school belonging to this indigenous community. The report adds that at 10 am on 1 June a helicopter and two airplanes from the neighboring country made several passes over the zone before the attentive gaze of the natives; but when the helicopter tried to land, a solid round of shotgun and rifle fire drove off the aircraft. Immediately men, women and children put out large tree trunks, branches and dry combustible material, which they ignited in order to frustrate the enemy's intentions. When the state secretary and several journalists flew over the zone, the runway at Maki was still closed as a precautionary measure, and the Ecuadorean flag was waving proudly; it was 2 pm on Friday, 18 June. [Text] [Quito EL COMERCIO in Spanish 20 Jun 82 p A 2] 9746

CSO: 3010/1758

OFFICIAL DISCUSSES NEED TO ADOPT FREE ECONOMY PRINCIPLES

San Salvador LA PRENSA GRAFICA in Spanish 18 Jun 82 pp 3, 26

[Text] Dr Ernesto Recinos brought attention to the fact that the nation is in urgent need of financing for private enterprise, technical development in professional training, avoidance of additional tax and municipal burdens which worsen the situation for the few enterprises that today are hardly surviving.

Doctor Recintos, assistant secretary of foreign trade, enlarged his statement by saying: "...recent events in the world of international commerce, with the drop in inflationary prices, monetary imbalance, and scarcity of raw materials, to which must be added economic deterioration in the infrastructure, due to causes we all know perfectly, reveal the urgency for adopting the principles nourished by a free market economy, such as those previously mentioned."

In this regard, any lawful reform should be directed towards reenforcing and reactivating private initiative, for it constitutes the only alternative for economic recovery in the nation, he observed.

On the other hand, he added, the area of exports includes the free use of natural resources with specific and reasonable controls, the abolition of trade practices that discriminate in exports from nonindustrialized nations, Assistant Secretary Recinos said.

The analysis and use of outlines that encourage reciprocal or two-way commercial interchange, eliminating customs and non-customs barriers, would allow entry of our products into the markets of friendly countries, the MICE (Ministry of Industry and Foreign Trade) official stressed.

If we, the developing nations, up to now have been struggling to assert sovereignty over our natural resources, these resources ought to be a means of consolidating our independence in all aspects, he added.

Meanwhile, he ended by saying, it is imperative, that along with our traditional exports, we encourage trade by all means of exports of nontraditional goods, mainly those partially processed, manufactured or agricultural and industrial goods, and to do that it is necessary to

concentrate our efforts on developing our economy and accelerating the process of industrialization. The task is not a simple one, Dr Ernesto Recino emphasized, but we are involved in the objective of offering our people a high standard of living, sharing more equitably with developed nations, and having access to goods that modern civilization offers, he concluded.

9908

CSO: 3010/1842

PRIVATE SECTOR REQUESTS INCENTIVES, PROTECTION

San Salvador LA PRENSA GRAFICA in Spanish 11 Jun 82 p 2, 11

[Text] Of urgent need at this time is that the present government offer incentives and protect the private enterprise production sector by means of a strong order for getting them out of their present slump, deputy Eng Felix Canizales said yesterday.

Canizales pointed out that at this time the national private enterprise sectors are enduring the grave consequences of a national economic crisis occasioned by inept administration in the previous government and by destructive acts by terrorist groups.

All those who oppose a rational incentive for private enterprise by the governmental sector are totally mistaken because, if the productive sector is protected by guarantees and stimuli, obviously, consumer goods and services will be generated to the same degree that new source of work are opened for absorbing the thousands of fellow citizens who are now suffering the hardships of poverty and hunger, due to destruction of work centers and agitation caused by the antiprivate enterprise attitude of the previous government, engineer Canizales said.

He further stated that one should not confuse a reasonable request for incentives with bargain counteroptions or statist paternalism, "against which we, the republican and nationalist deputies, are, indeed, in disagreement," he said.

Speaking of incentives, he added, we refer to those available resources that allow easing and liberalizing credit and other lines more; but in no way do we want, nor has private enterprise ever asked that it be changed into a paralytic moving about in a wheel chair, the deputy assured.

A "war economy" exists and the fact is not ignored that the state needs tax income for its maintenance; but, it is also necessary to understand and to bear in mind that it is the productive sector that generates taxes which the government collects and, therefore, if private enterprise is given an incentive, logically, it will be able to carry out more fully its vital role of generator of wealth and, consequently, treasury taxes, so that it can crank up economic reactivation in our country, Canizales continued.

"Now is the time that the golden rule be recognized and that the fatal errors of the prior government be amended when it isolated private enterprise which caused the present economic collapse which we are suffering," he said in closing.

MINISTER OF AGRICULTURE DISCUSSES MAG'S MAJOR OBJECTIVES

San Salvador EL MUNDO in Spanish 12 Jun 82 p 13

[Text] The three primary objectives of the "Great Agricultural Work Offensive," spurred on by the minister of agriculture and livestock (MAG) in the government of national unity, was defined by the head of the branch, Miguel Muyshondt Yudice, in a talk he gave at noon yesterday as guest speaker at the American Chamber of Commerce of El Salvador.

Among the ideas expounded, he states the objectives are: 1) stimulate productive enterprises at all levels for the purpose of producing food and providing more food to more than 4 million Salvadorans; 2) generate the necessary foreign trade to reactivate the country's economy and; 3) create more and better work because, as we have said, "First, El Salvador."

He reiterated that the government of national unity has also set a goal of attaining again the production and agricultural and livestock productivity we had in the nation until 1978. He expressed that that goal is the great challenge of the present government.

He showed that within the governing sector they are aware that many of the causes that provoked the present general crisis in our agricultural and livestock production are still present and there is also conviction that we can overcome if all we Salvadorans get into the "Great Work Offensive."

In the action area of MAG, he said that only that which can be fulfilled will be offered in the fields of technical assistance, granting of credits and inputs, and an efficient commercialization. Moreover, he added, MAG will maintain relations with all sectors involved and interested in achieving a quick reactivation of the economy within the nation.

He stated that within the concept of the "Great Work Offensive" we are convinced that in order to reach adequate levels of profitability for farmers and livestock raisers, it is necessary to integrate production, conservation, and trade and consumer within the framework of an active national policy of agricultural and industrial development.

He emphasized that the efforts by MAG will be backed by all centralized and decentralized institutions in the public agricultural and livestock sector, and that it will also be aided by the private management sector, so that in harmonizing actions, the common objective which is "First, El Salvador" is achieved.

HOMELESS FAMILIES INVADE UNOCCUPIED LAND

Guatemala City EL IMPARCIAL in Spanish 12 Jun 82 pp 1, 9

[Text] The Maria Teresa de Rios Montt settlement was founded today by squatters in Zone 18 of Guatemala City. In a surprise move, hundreds of homeless families occupied land currently not in use near the San Rafael district and proceeded to set up living quarters there.

The families indicated that the settlement was named for the wife of Guatemalan President Efraín Ríos Montt as "a tribute to a leader who is fighting for the poor."

Recently thousands of persons of limited means in this capital have occupied land in order to build homes. There are about 2,000 persons trying to obtain land for homes, "in view of the fact that the official agencies such as the National Housing Bank (BANVI) are paying us no attention and failing to respond to our needs, which we have expressed in a lawful and just manner."

This view was expressed by leaders of the group, who have apparently distorted statements of Gen Efraín Ríos Montt on the problems of homeless families.

In the districts of San Rafael La Laguna, Kennedy and Bello Horizonte, near the capital, thousands of persons have occupied lands because they are frustrated over the lack of homes. "We decided to occupy this land because rents are too high and because landlords refuse to rent to us if we have several children," said some of the women. They are aware of the difficulties of their position and maintain that they want no handouts, but rather, according to their statements, want to buy the land at reasonable prices with government help.

The occupation of lands in outlying areas of the city has caused concern to the government and the private sector. The government, through the public relations office of the president, issued a statement yesterday urging the squatters to give up the occupation and warning also that their activity, which will result in enforcement of the law by government forces, involves manipulation for private gain.

This allegation was denied emphatically. "We are not subversives and we believe no subversives are involved," it was stated. "What is happening here is

"that there are serious needs which ought to be met in full before we are accused of things which are far from our intentions," said representatives of the committees which are emerging as the voice of the squatter groups.

Some of the occupied land belongs to the state and some of it to private parties. For this reason, the squatters have been asked to show restraint in order to prevent the necessity of using the forces of law and order to remove them, as provided for in our legal system.

Arrests

Reportedly there have been four arrests of persons considered leaders of a group of squatters who have built shacks of "lepa" cardboard, plastic materials and the like. Also, in another district being settled, it was stated that certain persons were arrested for this activity. "They were arrested through trickery and carried off in the 'bluebird' (as the police buses are commonly called) and they never returned," said one of the representatives of the occupying groups.

Meeting

The settlers received a telegram from the president in which he expressed regret that because of lack of time he could not meet with a delegation of the squatters. However, he insisted that they keep open a dialog. Spokespersons for the group said, "Gen Rios Montt, in asking the people to change their approach, insists urgently that we continue in a dialog. In that case, why won't he speak with us? Could it be that we are too poor to deserve a hearing"?

They stated also that BANVI gives houses only to favored individuals recommended to them or to persons who have an income over 400 quetzals per month. "If we had that kind of money," they added, "we would prefer to buy our own land and be free of these problems, which we are taking on only because it is necessary."

11,989

CSO: 3010/1804

OFFICIAL DISCUSSES OIL PRODUCTION, EXPORTS

Guatemala City EL IMPARCIAL in Spanish 10 Jun 82 pp 1, 7

[Text] Guatemala will receive about 40 million quetzals from sales of petroleum taken from wells now in full production in the Alta Verapaz region near Rubelsanto and Chinaja. This estimate was made by engineer Alejandro Contreras, the mining and hydrocarbons minister, who recently assumed that post replacing Jorge Luis Monzon. The official, who is responsible for implementing the nation's oil policy, added that so far this year six shipments of oil have been made to U.S. refineries.

He said that these six shipments have brought in about 11 million quetzals in foreign exchange credits, which has provided a little help to our economy, which has been in a recession as a result of the problems affecting all the nations in the dollar's sphere of influence.

Also, another six or seven shipments of 121,000 barrels each are planned for late 1982, totaling about 3 million barrels of Guatemalan crude to be refined at special high-technology petrochemical plants in the United States, located in Louisiana.

Regarding the amount of crude used in Guatemala by such firms as Cementos Progreso and Empresa Electrica de Guatemala, S.A., it was estimated that the total comes to between 30 and 40 percent of total production.

Engineer Contreras said that until now there has been no date set for raising production, which is now at about 6,025 barrels per day. This indicates that we are far from becoming self-sufficient, since the level of domestic consumption is about 30,000 barrels per day.

However, the Laypemech, San Diego and Caribe I wells are in the final testing phase. Therefore, the official added, at the end of the year when the tests are complete, a phase will begin in which it will be possible to consider raising production based on fuller information about production capacity.

11,989

CSO: 3010/1804

BRIEFS

STAPLE SURPLUS--This year's harvest will mark a surplus in production of basic grains, according to a statement made today by Otto Martinez Recinos, the minister for agriculture, stockraising and food production. He noted that this is the result of a massive planting of corn, beans, rice and other grains. The official pointed out that if the climate remains unfavorable and if rainfall is normal, the surplus may exceed 5 million quintals and will be especially large in corn, which is the principal grain consumed by Guatemalans. Minister Martinez Recinos noted also that production will not be affected by the phenomenon which has occurred in certain places in the nation's western highlands, that is, lands being abandoned instead of sown because of political violence. He stated that this year there was a massive program to plant basic grains, using fields which in previous years had been used for growing cotton. In conclusion Martinez Recinos said that his ministry is laying the groundwork for incentives to raise production not only of basic grains but also of other products for local consumption and for export. [Text] [Guatemala City EL IMPARCIAL in Spanish 15 Jun 82 pp 1, 2] 11989

CANADIAN BANK DEMANDS PAYMENT--A Canadian bank is demanding from the Guatemalan Government, the guarantor of Guatemalan Highway Development (DAG), payment of the sum of 2,265,715.29 quetzals in past due interest on a loan of 12.7 million quetzals for construction of the national peripheral highway. The director of Toronto Dominion Bank, of Toronto, has demanded payment from the Guatemalan Government for interest due as of 3 May 1982 for this loan because DAG has not met its commitment. The bill was presented to the government because, through the Bank of Guatemala, the government acted as DAG's guarantor so that it could gain financing for the construction of this highway. The government's guarantor contract was signed on 8 April 1981, according to the statement made by the bank director in his letter demanding payment. Copies of this letter were sent to the minister of public finance and to the Bank of Guatemala. [Text] [Guatemala City PRENSA LIBRE in Spanish 3 Jun 82 p 75] 11989

CSO: 3010/1804

COUNTRY'S UNDERGROUND ECONOMY DESCRIBED

Bridgetown SUNDAY SUN in English 27 Jun 82 p 6

[Article by Ian McDonald]

[Text] In the heat of the current national crisis, Guyana's underground economy has been expanding rapidly. The following "viewpoint" was given on state radio in Georgetown by historian and business executive, Ian McDonald, who has consented to its distribution by the Caribbean News Agency.

The rapid growth of an alternative economy in Guyana, must face those in authority with a cruel dilemma.

On the one hand, much of the business conducted is illegal and even more of it is parasitical. There is, regrettably, no alternative economy in production, only an alternative economy in trading and wheeler-dealing.

The growth of the underground economy also indicates a serious leakage of foreign exchange at a time when the official economy is desperately starved of this commodity.

In general, it must seem to the authorities that more and more energy and resources are draining away from building the nation into the personal preservation of individual life-styles.

On the other hand, this alternative economy is in many ways a vigorous and dynamic phenomenon. It employs and provides a living for a large number of Guyanese who might otherwise roam the streets unemployed and resentful, perfect recruits for a vicious crime wave.

There is energy, initiative, imagination, and expertise--not to mention precious foreign exchange--begging to be harnessed to a larger national purpose.

It is a real dilemma: What is to be done? If you charge in with the law full of self-righteousness and holy ideological zeal, intent on rooting out utterly what is seen to be an evil growth, great popular resentment is likely to be caused and citizens will be further soured.

Unsavoury

Experience in other countries shows, in any case, that you will only drive the activity deeper underground and deliver it into more and more shady and unsavoury hands.

However, if a blind eye is permanently turned and nothing is done, the whole society will be demoralised and corrupted by so flagrant a flouting of what is after all, the law of the land. We will rapidly become a nation not of honest production and open commerce but of the devious deal and the quick buck. The bazaar mentality will reign supreme.

Can, therefore, a middle way be found in dealing with the underground economy? There is a cynical and rather disreputable saying "if you can't beat them, join them".

There is another, much more respectable, indeed hallowed, dictum--"if the mountain will not come to Mahomet, Mahomet will go to the mountain". Both reflect the need sometimes to set ideals aside and pursue the path of reasonable pragmatism.

There must be a very considerable unofficial reservoir of Guyanese-controlled foreign exchange held abroad, which is constantly being replenished and increased both by legitimate means, such as family transfers, and by other means no doubt less legitimate.

I think the thing to do is to accept this as a fact of life and then search for ways of getting this reservoir to flow into the mainstream of national life and not just sluice away underground through cuts in the conservancy dam of official controls.

As a no doubt rather naive layman, I suggest a package designed to bring this economic activity out of the shadows and, at the same time, increase the flow of foreign exchange, improve the supply of goods to consumers, earn revenue for the treasury, and create greater opportunities for local producers.

Licences

The hucksters should be licensed and made respectable. Licence fees would be payable in hard currency. Such licences--in themselves, indicating access to foreign exchange abroad--would automatically allow the importation of goods without the whole paraphernalia of bank licencing and import permits.

As a corollary to this, the establishment locally of "no questions asked" foreign exchange bank accounts, should be allowed. Into these, remittances from abroad--from relatives, departed friends, and business associates--could flow and they could be utilised freely for foreign travel and purchases abroad. There could be small but useful tax on the average annual balances in such accounts.

At the same time, the ban on imported goods could be relaxed, rather than tightened. With heavy import duties levied to bring in revenue and to prevent competition with equivalent local products. Many of these goods are coming in anyway, one way or another. The aim should be to legitimise their entry while retaining the protection of local products.

Review

Hand in hand with these steps should come a wholesale review of prices paid to local producers, especially farmers.

The aim of such a review would be both to offer really profitable prices and to find some way to streamline direct transport and distribution so that not so much of the price leaks away into the hands of middlemen before the product ever gets to the consumer.

I have no idea whether such ideas are practicable or whether or not they encroach on some ideological preserve that must not be trespassed upon. What I do know is that there must surely be ways of legitimising the energy, the expertise, and the money being put into a sector of the economy at present officially out of bounds.

Certainly, if nothing is done, the alternative economy will grow every day and every hour until it touches the life of every citizen--until, indeed, "the pave" becomes our major commercial highway, and what is still only a sideshow in an economy becomes the main event.

CSO: 3025/1124

'CRITICA POLITICA' QUESTIONS JLP'S PREMISE ON PRESS ADVERTISING

Mexico City EXCELSIOR in Spanish 27 Jun 82 p 17-A

[Advertisement; passages enclosed in slantlines printed in boldface]

[Text] "Politics consists of a long, hard penetration through tenacious resistance which requires both passion and moderation. It is perfectly true, as history proves, that in this world the possible is never obtained if the impossible is not attempted once in a while . . . Only he who is certain he will not break when, from his point of view, the world appears too stupid or too abject for what he has to offer; only he who in view of all this is capable of responding with a 'however;' only a man made like that has the 'vocation' for politics." Max Weber

The critical press provides the citizen with tools for analysis so that he may form, along with his common sense, the critical social spirit of the age, which is on the one hand the emblem of the citizen's political action, and on the other hand the cement that holds together modern democratic society.

On 7 June, Freedom of the Press Day, President Jose Lopez Portillo obviated these principles, which are the life and spirit of the political and social functions of the press, that is, to provide truthful information, articulate social discontent and serve as a medium through which the democratic forces of the nation may express themselves.

In an unprecedented speech without conceptual consistency, JLP tried to define the relations between the State and the few independent organs of the mass media, as well as the rules and limits which the president feels should govern those relations.

The expression "I pay you to hit me" sums up a perverse, sadomasochistic relationship between the opposition press and the State. It was due to this relationship that CRITICA POLITICA and PROCESO were stripped of the advertising the government buys from all the media. This move served to vilify and repress those who in JLP's opinion systematically oppose the administration.

According to this formula, the president does not pay them to hit him; what gives rise to doubt here is the illusion that he is the one who is paying,

that the budget /of the nation/ is his to spend, and that the government and whoever is in power, no matter how powerful, administer the public coffers only temporarily, with a minimum of consensus and by means of a legitimacy condemned by the marginal world.

This futile argument entails a basic misconception: that the free and powerful citizen, by virtue of his place in the Mexican socio-political space, decides who will get advertising and who will not, who are the staunch opponents and who belong to the /business of flattery./ However, it should be society, through its political and social organizations and its press, that not only decides who will get advertising, but also what kind of press it will have and what qualities that press will have, to meet society's political and social objectives.

Clearly these objectives would be at loggerheads with those advanced by Televisa, the Vazquez Ranas, the Azcarragas, the current heirs of Garcia Valseca, who have been strengthened by Lopez Portillo's crusade against the democratic press.

The /business of flattery/ is based on subsidies and on methods that do nothing to dignify the functions of journalism. It also does a disservice, because once a politician has reached the summit as a result of servile sycophancy and flattery, he inevitably comes up against a reality that exposes him. When the president ceases to be a free and powerful citizen, and the /flattery business/ no longer operates "effectively," he will succumb to historical judgment and criticism.

The country is in such a state of economic and political deterioration; the threat of social explosion posed by the underprivileged population is so great; and political life is so restricted for Mexicans, that those in power respond to any criticism with force and repression. It is too late now, however, to revamp the image defined by successive events and the failures of the regime's policy.

The government of the republic took its advertising away from CRITICA POLITICA, but not its subsidy, because there was no such subsidy. Thus, advertising takes on a different quality than it has in any modern nation; it becomes a tool of selective repression aimed at the critical press which, by not serving the consumer interests and national projections of the bourgeois monopolistic factions, loses its commercial advertising and is threatened with extinction. This represents /an open assault on the freedom of expression./

If subsidies are linked to adherence to a political party, no matter what party it is, then the limits imposed are not institutional, as the president claims, but rather ideological. Millions of Mexicans do not belong to any party. Distinguished intellectual, political and professional men of the press would be limited in their political action if they were forced to work through a political party.

CRITICA POLITICA, whose specific objective is to be the interlocutor of the left and the other democratic forces of Mexico, would have to abandon that

vocation and be the voice of the central committee of some leftist political party, thereby limiting its functions ideologically, politically and socially.

A political culture magazine cannot be conceived, as President Lopez Portillo claims, in commercial terms; a political magazine is first and foremost an association of political men who think and act according to a specific conception of the world. With that conception they try to synthesize their era, to undertake a historical critique of the political system they live in; and they do just that if they are systematically consistent.

During these difficult times of transition and crisis in the republic, there is fear, condemnation and vilification not of criticism or opposition in general, but of the coherence of that criticism and its articulation in a political plan different from that of the Institutional Revolutionary Party (PRI) system. That coherence and articulation imply a profound criticism--and that would be the only reason, although a negative one, that argues in the president's favor--and a historical analysis of a regime rotten with corruption, diseased with anti-democratic sentiments and a presidential cult, at whose back can now be heard the rattling chains of millions of deprived and exploited people.

Finally, the value of open disagreement is a new democratic conquest of society. The limits and rules governing the State and the media, from now on, will not be imposed by the State but by the press, or at least the free and democratic press.

Society will wrest a democratic space from the State.

Carlos Perzabal M., Director General of CRITICA POLITICA

Abstracted from a debate: Francisco Martinez de la Vega, Jose Lopez Portillo, Leon Garcia Soler, Enrique Semo, Raul Trejo, Eduardo Huchin, Manuel Buendia, Arnaldo Cordoba, Heberto Castillo, Francisco Cardenas, Granados Chapa, Moreno Sanchez, Luis Gonzalez de Alba, Carlos Navarrete, Carlos Monsivais.

On sale at bookstores and newsstands.

8926

CSO: 3010/1841

'PROCESO': CONCANACO JOINS PUBLICITY BOYCOTT CAMPAIGN

Mexico City PROCESO in Spanish 21 Jun 82 pp 20-21

[Article by Carlos Marin]

[Text] With the speed required to adhere to government regulations and recommendations so that members will not speculate or arbitrarily raise their prices for basic commodities, the Confederation of National Chambers of Commerce (CONCANACO), as of 3 June, accepted the official argument against PROCESO and advised its affiliates and the nation's private sector to refrain from purchasing advertising in this weekly.

The measure emanates from the office of a "Coordinator of Ideology and Communicology" at that Confederation named Jose de Jesus Castellanos Lopez. He sent circular 65-197, which reads:

"Re: Press situation; Exp. CIC; Date: 3 June 1982.

"Dear Sirs and Friends:

"As you will recall, in our circular no. 64-166 we reported some of the proposals made regarding the press and leftist thought, as well as the subsidy in the form of advertising the State grants certain publications.

"Since it would be absurd for the State to pay to be attacked, and since it would be absurd for private businesses to buy advertising from publications that want to do away with free enterprise, recently the Office of the President ordered the withdrawal of advertising from the magazine PROCESO.

"That magazine, as well as some writers who are opposed to the Mexican public sector, even though they benefit from it, have protested this 'arbitrary' move. Since I believe that this measure is appropriate to the circumstances we find ourselves in, we are enclosing some background information. It would be unfortunate if private businesses now supported (sic) PROCESO.

"Sincerely, . . ." and at the foot of the page appears the signature and title of the ideocommunicologist.

The attached annex referred to in the circular is the article "PROCESO on the Advertising Boycott," which was printed 31 May, as well as Abel Quezada's column in NOVEDADES, which proposes that the government withdraw advertising from all newspapers and magazines so that only those supported by the public will survive.

The circular 64-166 referred to by Castellanos Lopez was dated 1 July 1981, and stated that "the magazine RAZONES, published by political groups that have developed in connection with El Colegio de Mexico, has noted a proliferation of leftist communication media, supported principally by government advertising."

Although until 7 June the general coordinator of social communication at the President's Office, Francisco Galindo Ochoa, appeared to be the intellectual and material author of the measures adopted against PROCESO, his astute colleague at CONCANACO attributed the advertising boycott to the President's Office 4 days before Lopez Portillo came out in favor of it.

After the president expressed his opinion against sadomasochism, the "I pay you to hit me" idea, Galindo Ochoa himself on several occasions insisted on the government's respect for the freedom of expression. On 15 June, before the "Veinte Mujeres" group, he said: "The press has always been respected; it has been given room, and it has never been coerced."

In his opinion, the communication policy of the current administration is so appropriate that in the Miguel de la Madrid administration the basic principles "should be the same as now." He seemed to be making an order to that effect.

The following day, however, the press secretary of the Institutional Revolutionary Party (PRI), Miguel Gonzalez Avelar, stated that the future government's informational policy will be based on the results of the consultation meetings between Miguel de la Madrid and editors and journalists. A fundamental element of that policy will be respect for free expression.

Amid the public debate sparked by the president's statements concerning the relationship between the mass media and the government, two representatives of the Legislative Branch, Senators Joaquin Gamboa Pascoe and Leonardo Rodriguez Alcaine, seized the opportunity to jump into the fray. The former accused four journalists of being for sale to the highest bidder, while the latter called journalists "crazy" and "groveling."

The two congressmen's chief--one of them is head of the Confederation of Mexican Workers in the Federal District and the other of the nation's electricians--Fidel Velazquez, also put in his two cents' worth: "I congratulate myself," he said on 11 June, "that Gamboa has been accused, because it has been made clear once again that those who claim to represent public opinion merely represent selfish interests."

On Thursday 17 June, Galindo Ochoa, who inaugurated the seminar of the United Nations and the Latin American Federation of Journalists, where a

democratic international informational order has been proposed, reiterated his respect for the press, lamented Rodriguez Alcaine's statement and recommended that the offended parties take legal action.

The same day, at the breakfast given for the press by the Socialist candidate for the presidency, Arnolfo Martinez Verdugo, he spoke out against the imposition of conditions on official advertising, accused the government of trampling the freedom of information, and scored the "legal and illegal sinecures" enjoyed by the electronic media that receive concessions from the government. He noted that the latter "cannot even enforce their broadcasting schedules."

On radio and television, said Martinez Verdugo, there is no condition for obtaining official advertising.

President Lopez Portillo, when receiving the reporters who cover his activities and who went to congratulate him on his 62nd birthday, said that he hopes "to get a peek at the 21st century, just a glance." He made a date to meet with them on 16 June in the year 2000 in Puerto Escondido, and cut a large cake decorated with the logos of the mass media.

8926

CSO: 3010/1841

SMALL INDUSTRIES' FINANCIAL PROBLEMS DETAILED

Mexico City PROCESO in Spanish 21 Jun 82 pp 16-19

[Article by Raul H. Mora and Juan A. Zuniga]

[Text] Guadalajara, Jalisco--"Our problems are innumerable. We hardly finish solving one when another crops up. You could say that our main and constant occupation is finding solutions to a puzzle." With that explanation, the administrative manager of Artefactos de Hule, a small business in Guadalajara, summed up the common difficulties facing thousands of small and medium industries throughout the republic.

This firm is a typical case; 10,046 industries or industrial shops are registered in Jalisco, most of them family operations. There are many more than that which are not registered. In Jalisco only 5 percent of businesses are classified as large; 25 percent are considered medium and 70 percent small.

"Lack of manpower, machinery, production, quality and sales link these businesses; they are all subject, basically, to the same problem, which no one is willing or able to solve effectively: the lack of liquidity. Credit for industry is scarce and expensive."

Nacional Financiera says, officially, that credit is open. The various funds for the promotion of small and medium enterprises are burgeoning: Fogain, Fonei, Fideim, Fomin. Of the 7.012 billion pesos managed by the Fund for the Guarantee and Promotion of Medium and Small Industry throughout the country in 1981, 1.029 billion was spent in Jalisco.

The fact is that so-called official aid is not forthcoming. Everything has to be processed through private banks, and they are unwilling to extend credit without procedures that cause even more red tape: references, guarantees, information. The fact that small and medium industries work against the clock means nothing to them. The only thing thousands of these businesses can put up as collateral, their own labor, is not acceptable. The banks demand land, houses, or valuable machinery as collateral, unaware of how these industries were born and manage to survive and perform services.

It is no coincidence, then, that the generalized crisis of the Mexican economy has hit hardest at the small and medium industries of this country. The

situation is such that 125,000 establishments of this kind are forced to perform an "act of involuntary prestidigitation" in order to survive in the new national economic context.

This is no minor problem: the jobs of approximately 2.5 million workers, nearly 70 percent of the labor force of the entire industrial sector, depend on these firms' survival.

Neither the government nor banks nor big business will acknowledge that small businesses, thousands of them, have died in the harness. Very few are able to come up with the 11.1 percent required by the Fund for Industrial Equipment for expanding or modernizing their machinery, much less the 15.4 percent required for new projects, on the basis of a minimum loan of 4.5 million pesos.

Moreover, although they have been "excluded from the benefits obtained from high rates of development" in recent years, because of their number they make up the largest proportion of establishments located in national and transnational industry.

It is estimated that, as a whole, small and medium industries constitute 96.4 percent of all enterprises included in the entire industrial sector, according to a study done by Fogain.

These businesses generate between 20 and 25 percent of the total value of Mexican production in a given year, mainly by meeting the basic needs of the population (food, clothing and shoes), while they require the least amount of investment per employee. They are also most vulnerable, however, to the blows of periodic national crises.

Their existence, precarious in and of itself, is made more difficult in direct proportion to the magnitude of the national financial crisis. In the clothing sector, for example, 18,000 establishments are threatened with closure, according to Bulmaro Jimenez, leader of the industrialists involved in this activity.

According to the results of a study conducted by Fogain (soon to be released) between 50 and 60 percent of the businesses in small and medium industry are involved in the production of food, shoes and clothing.

Hence, they are of fundamental importance "not only as a function of the number of workers they employ, but also because they supply the population's basic needs."

In this age of monopolies, the expansion of small and medium industries depends almost totally on the interests of the large enterprises.

The Program for Integral Support for Small and Medium Industry (PAI) explains the situation thus: "Within the process of concentration, it is noteworthy that (medium and small industry) is affected directly, because the oligopolies prevent it from going beyond 40 percent of total gross

production, the same percentage of fixed gross investment, and 71.3 percent of the total value added."

Subsidies for Big Business

A prototype of the small business, Artefactos de Hule was formed 50 years ago under the name La Fabrica de Tono. Like many in this area, it started as a simple family workshop in which the owner worked with a tiny hydraulic press along with his wife, sister, brother-in-law and sometimes the grandmother and school-aged children. They were the "plant personnel." A means of economic security for the family, the business cooperated with the then nascent Jalisco shoe industry. The firm manufactured rubber heels and soles which were sold to a network of small family enterprises, owing their subsistence--then and now--to the mutual support they provided.

Current legislation basically treats these labor nuclei the same as the great consortia, but does not give them the same advantages: tax exemptions and subsidies for fuel, transportation and raw materials.

To promote the development of small and medium industry, the rules of the game would have to be reversed.

There is no standard to define the difference between small, medium and large enterprises. Banks, for credit purposes, use the total amount of investment as a basis. This means that small and medium businessmen are forced to turn to speculators for investment loans; the yields on these loans, beyond all legal controls, drive up prices and keep machinery in hock forever. Often such investments have been made for years in the form of the work of the head of household and his dependents, to transform worthless scrap into tools of production. In the best of cases, the total investment statement is incomplete or inaccurate because of a desire to avoid taxes.

The Fogain study also discovered that most small industrial establishments make intensive use of resources, and are less dependent on external support such as bank and government financing.

In practice, small and medium industries are excluded from the financing extended by private, mixed and national banks to industry.

The Office of Economic Research of the Bank of Mexico reported that of the total financing granted by banks to the manufacturing sector--which is where small and medium industries are concentrated--approximately 70 percent went to large firms. The rest went to smaller establishments.

Last year private and mixed banks extended 53.015 billion pesos in loans to small and medium industries, as opposed to 123.765 billion for large industrial firms operating in this country.

In an attempt to provide systematic and priority stimuli for small and medium industry, Carlos de Alba and Jesus Soto Romero presented to the

Department of Planning and Development of the State of Jalisco a plan for making calculations that considers the ratio of the number of employees, the annual sales volume and the technological capacity of each company.

The two men are proposing a classification of seven large substrata, with two levels in each. In this way they can distinguish among small industries according to technological capacity, family artisans, non-family workshops and manufacturing shops. In each of the first two kinds of small enterprise, the number of employees indicates the two possible levels: up to five in the first level, from six to 15 in the second. Annual sales volume: up to 500,000 pesos per year, or up to 2.5 million pesos per year, respectively. A manufacturing shop with 15 or 16-25 people has annual sales of 2.5 to 10 million pesos.

For the purpose of establishing the same ratio in medium industry, they distinguish the medium manufacturing firm (up to 50 workers, with sales of 10 to 26 million pesos), and the large manufacturing firm (up to 100 workers and a sales volume of 26 to 50 million pesos). The differentiation between large industry and extra large industry, with 101 to 500 or more employees and sales between 50 and 125 million pesos or more, or "unlimited," reveals, according to these criteria, that a minority obtains the greatest protections and benefits.

The classification of businesses according to well-defined and uniform criteria is just a first step. The second and more difficult step is to reverse the standards that form the basis of industrialization in Mexico. This would involve providing greater technical support, more legal advice and more real financing to those who need it the most, in inverse order to the calculation.

Growth Without Planning

Today Artefactos de Hule can be considered a medium enterprise, with 52 employees and a sales volume that places it among the "medium manufacturing firms." With a progressively growing labor force, it went through the different stages of the small business: family artisans, non-family workshop, manufacturing shop. But like so many other small industries, that number grew not through planned development, but because of the growth of the family itself across three generations, and because of the extrafamilial ties that stemmed from it.

This growth leads to a series of problems that small and medium firms are technically and administratively unable to handle.

The artisan and family model frequently faces a dilemma: should that quality be maintained, with enough to cover subsistence costs, or should a certain modernization be undertaken? The great challenge for these industries is to break out of the circle they are enclosed in: "We don't improve the productive system in order to avoid financial risks, and because we do not run financial risks we make no drastic improvements in production."

When small businesses opt for the second alternative, despite psychological and legal uncertainties, they go broke for lack of financial support. They might be able to swing a loan, which would enable them to modernize their tools or expand their equipment. It is difficult to develop the entire plant. This leads to production losses: modern machinery works at only 48 percent capacity, because it cannot be supplied with the necessary material, or it cannot take on what is produced there.

The losses thus incurred are compounded by family attitudes: unexcused absences, delays, punishment, leaves and long weekends, birthdays, childbirth, absences for personal reasons, the transfer of a worker to another activity, unplanned vacations. Or, there are problems that most often depend on limited liquidity: lack of material, break-downs, unfilled vacancies.

Even without those problems, even with a planned management effort, small and medium industries discover and suffer the consequences of the role they play in the middle of large-scale industrialization: They all play the role, more or less permanently, of "in-bond plants" for other businesses. The network of mutual support in which family artisan workshops are born is complicated when they discover that their ability to sell their products and survive depends on a good grasp not only of the law of supply and demand, but also inflation, devaluation, rising prices or shortages of raw materials, monopolies, and the threat of joining GATT. They may not understand the structural causes or economic consequences of these phenomena. The effect is immediate: There is no money, and what there is is not enough even to meet the weekly or biweekly payroll without anguish.

They all do understand, however, that because of the recent devaluation and the relative increase in prices, they must raise wages by 30, 20 or 10 percent. In general terms, 300 people depend on that raise for food. But small and medium industries cannot afford such an increase. Like everyone else, they tend to raise prices to match their new costs. This threatens many who depend on one link in the production chain in this kind of cooperativism. Or they find themselves in a competition among equals, and in order to ensure sales to large firms, they undersell their goods and depreciate their labor.

By nature small and medium industries represent an opportunity for a more nationalistic development of industrial activities in this country: their owners are Mexicans, not to mention their employees; their market is also Mexican, and most of the machinery and equipment they use are made in Mexico.

It is estimated that 62 percent of the machinery used by small industry is of national origin; the figure is 34 percent for medium industry.

The explanation of this phenomenon seems logical if their financial capacity is taken into account, but there are external factors that serve to "put more stones in the road," causing them problems in terms of access to raw materials markets, and to the credit and technology they need to make their participation more dynamic.

The problems for medium and small industries do not end there. Other circumstances threaten their existence and their possible and limited development: "As an enterprise grows, it becomes more visible to tax authorities and official agencies. In all honesty, we must recognize that small enterprises rarely defraud the Treasury. There might be one that has three sets of books, 'the good, the bad and the ugly,' because everyone is subject to the temptation to become a wealthy Scrooge MacDuck at the expense of others. But most do not regularly become involved in these activities because the problems that plague them occupy all their attention. Furthermore, the members of these firms are not specialists in all the initiatives the government provides."

Tax reform and administrative and bureaucratic procedures are planned, once again, with the large business and the new generation of bankers in mind. It is true that consulting firms abound, but just to learn their names and obtain their assistance, one needs advice, time and money.

Union and political problems? Yes. All too often they stem from conflicts and movements inspired from outside, such as the "crazy strike" provoked by the increase in union dues decreed by a leader of the rubber sector. Who can escape political conflict? Because of their family and union ties, small and medium industries tend to stay out of such conflicts. They would prefer to work and progress. But they do understand that the network of mutual support goes beyond the performance of artisan and in-bond services. It is just that the possible political conscience, enlivened more than anything by the economic crisis, is dampened by promises and commitments that are repeated constantly as if they were the latest invention. "When my father started this, they praised Jalisco as the place where small industry multiplied and grew the most. It was promised to promote it and to achieve the legal reforms necessary for its development. And today you can see that it is as if nothing ever happened."

In the age of monopolies, small and medium industries historically represent a vestige of free enterprise. To survive, they will have to perform one more act of "involuntary prestidigitation:" a triple somersault, upside down, inside out and backwards.

8926

CSO: 3010/1841

CHANGE IN STRATEGY IN ANTITERRORIST OPERATIONS ANTICIPATED

Lima OIGA in Spanish 3 May 82 pp 34-36

[Text] This periodical's old appeal for coherent, coordinated and unified work in the command and execution of action taken by intelligence services engaged in the effective fight against terrorism and guerrillas active in various spots in the country is reportedly about to be taken into serious consideration by high government officials, according to reliable sources.

It is reported that the first step was the drafting of a report exposing the gaps in current intelligence work. The document emphasizes the scattering of efforts now being made. Involved in such work at the present time is the National Intelligence Service (SIN), that of the Navy, Army, Air Force, the Civil Guard, the PIP [Peruvian Investigative Police], the Republican Guard and other organizations related to them. Under such conditions, no efficient action can be planned, especially when such a division of forces feeds rivalries and reservations that cannot be overcome through the existence of an Intelligence Directorate in the Ministry of Interior.

Although this is nothing new, the document stresses that the escalation of terrorism has resulted in a graduation from the phase of terrorism to that of guerrilla warfare, whose most noteworthy elements include intense propaganda, attacks on individuals and public property and actual guerrilla actions aimed at achieving wider geographic control, exploiting the support of the population won over by such propaganda or by the fear engendered by terrorist acts.

Through such work, the terrorists are attempting to consolidate the positions won, step up recruiting and gain political-military control making it possible to extend action into the following phase, that of open civil war in order to overthrow the government. These steps being taken in Peru are the very ones observed in South Vietnam, Nicaragua and El Salvador, to cite but three cases.

The report states that the police forces have a plan of action based on control and vigilance not tied in with an effective strategy of intelligence and that "the police forces have not designed any intelligence strategy since the time of the first outbreaks of terrorism. The action undertaken has involved repression, sometimes excessive, and inefficient vigilance."

More Professionalism

The report states that police intelligence organizations engage in a series of specific functions, such as the compiling of information through their own channels and an analysis of information given by newspapers, periodicals, radio and television. There are also counterintelligence actions that are often mistakenly aimed at keeping colleagues "under observation," which is "not the same thing as the coordination of efforts."

Furthermore, "personnel assigned to intelligence organizations of the police forces have not achieved a high degree of professionalism. In the case of the Civil Guard, young officers with posts in the DIRIN [expansion unknown] are chosen based on a subjective process not related to any technical evaluation of knowledge of and aptitude for the police profession."

Among its conclusions, the report emphasizes that "it is obvious that there is a scattering of efforts. At least, that is the public's impression." Furthermore, "the unity of command seen at the highest level is diluted through the respective ranks of command of the Peruvian police forces."

The report also states that the government has made mistakes in its information policy. "Government communications media have not designed a strategy that would have an impact on the people and above all, on the people in areas under attack by terrorism, an impact resulting in their cooperation and above all, in their denouncing of terrorists...."

Infiltration

If the task of infiltrating the terrorist ranks by police forces were to be graded, the grade would have to be 0, judging by the contents of the report, inasmuch as results to date have been nil.

The document states that while there has been infiltration, it has been within the very ranks of the police forces, as shown by details on the attack on the Tambo police station in Ayacucho. "Infiltration is definitely an objective of great importance in any antiterrorist intelligence action, but to carry it out is extremely difficult, especially when the personnel assigned to making contacts are easily identified and do not have proper training ahead of time." The report adds: "Attempts at infiltration have failed, which has had the further damaging effect of alerting terrorist groups." "...Cooperation of some elements in the police forces with terrorists complicates the execution of plans made to counter terrorism."

Armed Forces?

The report refers to the obvious pressure being put on the government by leaders of all majority parties, communications media and public opinion to involve the armed forces in the repression of terrorism.

However, the report's conclusions recommend a better coordination of the armed forces and police and supporting the "participation" of the former.

"The armed forces cannot be excluded from the situation in which the country finds itself. That is why their 'participation' should be better coordinated and their role in supporting the action of the police forces better defined."

The report continues: "Politically speaking, it would be improper for the armed forces to take control of the antiterrorist fight because that is precisely one of the objectives which the subversive groups seek in order to demonstrate the incompetence of the regime." The report goes on to note that "the intelligence services of the armed forces should already have valuable information inasmuch as the action of the terrorist movements must have begun under the previous regime. If such information does not exist, one would have to conclude that the organizations have neglected vital work."

New Strategy

The document concludes by outlining the need for a new unified intelligence strategy of police forces with the participation of similar services of the armed forces. This new strategy would be based on a preliminary "review of the plan of antiterrorist intelligence" making it possible to evaluate results and make the necessary adjustments.

According to the document, such a review would imply a verification of "intelligence actions" carried out by the armed forces and the police forces. The report also mentions the "organization of an intelligence 'command'" at the highest levels and suggests the participation in the command of civilian elements to perform certain specialized professional activities and achieve effective infiltration of terrorist groups. According to all indications, if the lines suggested were to be carried out, there would be a change in intelligence procedures in the antiterrorist fight, which should have, we repeat, the timely intervention of the armed forces, professionals in the art and science of war.

11,464

CSO: 3010/1832

APRA LEADER DISCUSSES CURRENT ISSUES

Lima GENTE in Spanish 18 Jun 82 pp 20-23

[Interview with Fernando Leon de Vivero, American Revolutionary Popular Alliance (APRA) leader, by Percy Javier Baldeon; date and place not given]

[Text] Fernando Leon de Vivero is an APRA leader not known for his political wishy-washiness -- or caution, on occasions -- but rather, for his frankness, which has created more than one problem for his party. In this interview, for example, he fired right and left....

[Question] Deputy Valle Riestra says that many ministers in this government are gaining political experience. Do you agree?

[Answer] Gaining political experience? I would say decorative experience. There are people happy to be on the scene, without any mustique, any fire, any faith.

[Question] What criticism would you make of President Belaunde because of his nature?

[Answer] That is difficult to answer.

[Question] But you were talking of "fire."

[Answer] The first criticism that I would make is this one: He is thinking about his big housing complexes, but for whom? For the working people? No way.

[Question] I was asking about the president's nature.

[Answer] But his nature.... Personality is a complex whole because nature can also refer to authority. I wish you would be more specific in your question. I will answer you; don't think I am afraid.

[Question] Do you think the president is weak? That he is, shall we say, indecisive?

[Answer] I believe that the president is a man who has been strong, which is why he came to power. But at the present time, he lacks the authority to solve problems that are vital to the country. It is all well and good for one to be loyal to a friend, but it is wrong, when that friend occupies a political post, for him to think more about the friend than about the country.

[Question] Are you talking about Ulloa?

[Answer] Yes, I am talking about Ulloa and a whole bunch of ministers who are bad. I speak to you with political responsibility because in this country, people are afraid to come out and say things, and even when one has to fight with 99 percent of the Peruvians, one has to speak the truth.

[Question] Manuel Ulloa's economic policy has been harshly criticized by your party. Will they continue to be as harsh or will they be more open?

[Answer] From my very first speech in February 1981, I have stressed my opposition to the economic plans, not only of Ulloa, but of Belaunde as well. You must not forget that the economic plans are not only the work of Ulloa and of his team, but also of the president of the republic. Just look at the results: The country is in debt beyond any justifiable limit. Our people are starving. We are bringing up generations of children who do not eat meat, who do not drink milk, who do not eat fish, children without protein, while the government goes on its merry way and Ulloa even merrier.

[Question] If the APRA had a majority in Parliament, what ministers would fall?

[Answer] I would throw out a bunch. Don't ask me which ones.

[Question] Let us say about half?

[Answer] More than that. Don't ask for names.

[Question] You don't want to fight with your friends?

[Answer] I don't care about that. You know how I am. It would not be constructive right now and I want to be part of the....

[Question] Constructive opposition.

[Answer] Yes, constructive. In order to teach. Not out of fear, because I am not afraid, even if they slander me by any means, because I think that in this regime, there are men capable of doing other men great harm.

[Question] Let's talk about the Langberg case. Many well-known Apristas denied their connections with Carlos Langberg initially, but then publicized their friendship with him. What is your opinion of all this?

[Answer] At the press conference which the party held right after the slander, CARETAS' libel of the party, one reporter asked me if I knew Langberg. I told

him that not only had I known Langberg since 1980, but that I was his friend and so what? In other words, I have no retraction to make.

[Question] But the negative effect on the APRA was immense, is that not so?

[Answer] I know that one government official got out a file and said: "I am here to demonstrate Langberg's connections with the Aprista Party." I will await the proper time to take harsh action against that slanderer. I just read in the newspaper that 19 charges have been filed against Langberg but that nothing has been proved and they are still holding him. That is the justice we have in Peru and the attorney general has acted with an iron hand. At the same time, there is one Malpartida accused of being involved in that white powder business, at which so many prominent persons in Lima are experts -- all you have to do is look at their flaring nostrils -- and yet, the attorney general has done nothing.

[Question] What would you blame most about the Langberg case?

[Answer] The injustice that is committed because you don't have to be a know-it-all to see that a different charge is being trumped up against him every day. I don't want to talk about it any more because tomorrow I may be accused of trying to make a political case out of the Langberg affair. Charges are continuously being made against him because he brought out the people's newspaper, PM.

[Question] But John Q. Public wasn't any angel!

[Answer] Fine! But then why do we say that we have freedom of the press here?

[Question] Do you agree with the freedom of the press that allows slander and defamation?

[Answer] No, I do not agree with libertinism; I say it frankly.

[Question] Is that not what PM was?

[Answer] I am against any press that insults and against libertinism. But I am also against injustice because what they do with that person or with x, y or z, they can do with you tomorrow. If they catch you off balance, they do it.

[Question] PM supported you, right?

[Answer] It was both favorable and unfavorable.

[Question] It never attacked you.

[Answer] Well, the fact that it never attacked me does not mean that it was favorable to me. I have never complained about the newspapers. They have often attacked me. They have called me everything from murderer to incendiary and I have never complained. They have never heard one complaint from me.

[Question] You don't even care if their judgment is sometimes very stinging, very harsh, even impudent at times?

[Answer] Not one bit.

[Question] In Percy Murillo's book, "History of the APRA," he says that you fled to Mexico in 1937 because you were accused of the death of Salomon Arancibia. Who was the direct cause of the death of that great leader of the APRA, Manuel Barreto, "The Buffalo"? Was that Arancibia a traitor?

[Answer] I have often been accused of everything. With respect to Salomon Arancibia, it was true that he worked for the dictatorship (of Gen Oscar R. Benavides and as part of the Political Brigade of Damian Mustiga, a repressive organization made up of criminals: author's note), but he was a man who also worked for us.

[Question] He was your chauffeur, right?

[Answer] Yes, he was my chauffeur. At night and on some days, when I had to get together with certain persons, during my days as a conspirator, Salomon drove me.

[Question] Could you name any of those persons?

[Answer] I think that that should remain an absolute secret. It was when I plotted with the military.

[Question] One of those secrets that you would like to keep might be the one mentioned by Carlos Steer Lafont in a letter to the effect that you and other Apristas knew the real reason for the murder of Antonio Miro Quesada and his wife on 15 May 1935?

[Answer] That must be a mistake on Steer Lafont's part. At that time, I was not part of any party leadership. I did not know Steer Lafont. I met him in 1945 when I was president of the Chamber of Deputies. One day I took the legal document releasing the Aprista prisoners from the Government Palace to the penitentiary. There, a young man I later learned was Carlos Steer Lafont was demanding his freedom.

[Question] In Luis Alberto Sanchez' book, "Notes for a Biography of the APRA," volume 3, page 28, there is a letter from Steer Lafont. It says: "If you want to know the background for 1935, you can ask Fernando Leon de Vivero." What do you say about that?

[Answer] At that time, I repeat, I did not know Steer Lafont. That is inaccurate.

[Question] Being part of the democratic left, as Armando says, is the real ideological posture of the APRA?

[Answer] The Aprista Party was, is and will always be on the democratic left.

[Question] That is what Andres Townsend says.

[Answer] Others can say it, but whose of us who know what Aprismo is, those of us who suffered for Aprismo, those of us who are ready to die for Aprismo, know what the democratic left is.

[Question] How long with Armandismo retain its strength?

[Answer] In the party, we have never talked of Andresismo or Armandismo. In the party, we have had only Apristas. The majority supported Armando Villanueva. A tiny group supported the other person you have mentioned.

[Question] For you, he is nameless, right?

[Answer] As a way of conduct, as a philosophy, as a moral standard, I do not like to have anything to do with those who leave our movement.

[Question] Or those who are impudent.

[Answer] Those who are outrageous because of their own action.

[Question] You cannot accept two lines within the Aprista movement. Why?

[Answer] There is only one path for me: the Aprista path.

[Question] That is an easy answer.

[Answer] A very clear one.

[Question] The division is ideological, or am I mistaken?

[Answer] Armando Villanueva represents and will always represent the real ideology of the party. He is a democrat, an Aprista 100 percent.

[Question] Do you think that anti-Aprismo still exists?

[Answer] I still believe that anti-Aprismo exists. They will not forgive us for being loyal to and consistent with certain attitudes and principles. Some groups basically continue to think that we are sectarian, but Peru needs that: ironclad loyalty to certain ideals, certain moral positions.

[Question] Ironclad, but violent as well.

[Answer] Perhaps we have been violent at times in the history of the party and of Peru. The people have judged our violence, but they have never asked why we have been violent. If they beat you up in the street, will you turn the other cheek, as the Gospel tells you to do?

[Question] The Apristas do not do that.

[Answer] Right. And as old as I am, I believe that I would still have the strength to at least throw one punch.

[Question] I know you would.

[Answer] I would at least try.

SURVEY SHOWS APRA REMAINS COUNTRY'S LEADING POLITICAL FORCE

Lima GENTE in Spanish 18 Jun 82 pp 24-86

[CPI [Peruvian Market Research Company] poll, May-June 1982]

[Text] Somewhat pushed into the background by the World Cup soccer fever and overshadowed by the news from the Malvinas, our own political problems have apparently been relegated to a lower plane. A CPI public opinion survey in 21 cities reveals surprises that would arouse cheering in more than one political camp. For the present, Villanueva is no longer ranked second on the national political scene, having been overtaken by Barrantes. But there are even more surprises. As candidates, Barrantes and Villanueva receive fewer votes of preference than the parties they represent, while Bedoya and Mufarech show the reverse (see table below). In the case of the parties (see second table), those who have no preference for any candidate ("Do not know," "No opinion") make up 26.6 percent of the voters polled. Will it be the as yet undecided voters who will tip the scales in the 1985 general elections?

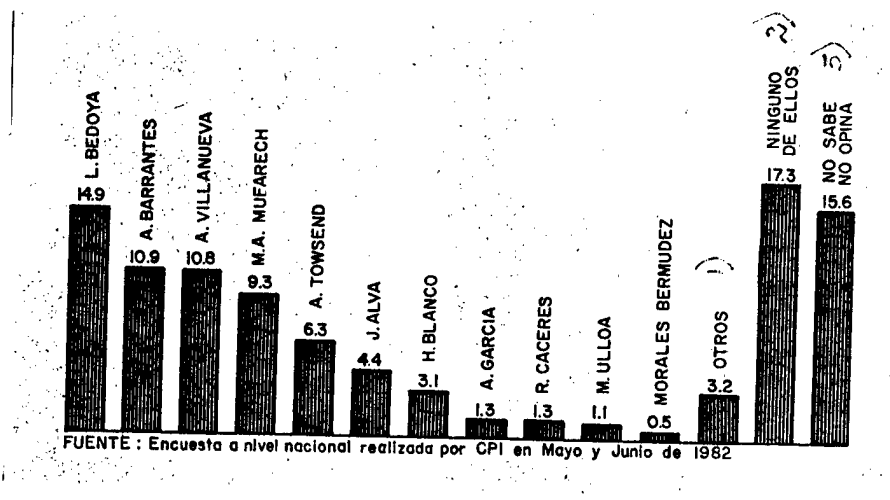
These and other questions are found in a public opinion poll conducted in May and June by the CPI, a firm specializing in market research and, at GENTE's request, in an informational effort aimed at serving the community. This national survey was carried out by conducting interviews in the home with persons over the age of 18 in 21 of the country's largest cities, including Lima and Callao. The sampling took in 4,901 persons of different ages, sex and socio-economic groups. Based on the statistical norms for this type of study, the accuracy of overall results is ± 5 percent, which means that this is the possible percentage or margin of error.

The questions asked were: "If the following candidates are on the ballot for the presidential elections in Peru in 1985, for which one would you cast your vote?" The circular card listed the names of persons in politics shown in the statistical tables.

The question on political parties was: "Which political party or group listed on this card do you support?" The circular card indicated the names of political parties contained in the statistical tables in this report.

Let us now turn to the analysis of the poll's results.

For Which of These Candidates Would You Vote in 1985? Results of a National Poll (in percent)



Source: National poll conducted by the CPI in May and June 1982

Key:

1. Others 2. None of them 3. Do not know; no opinion

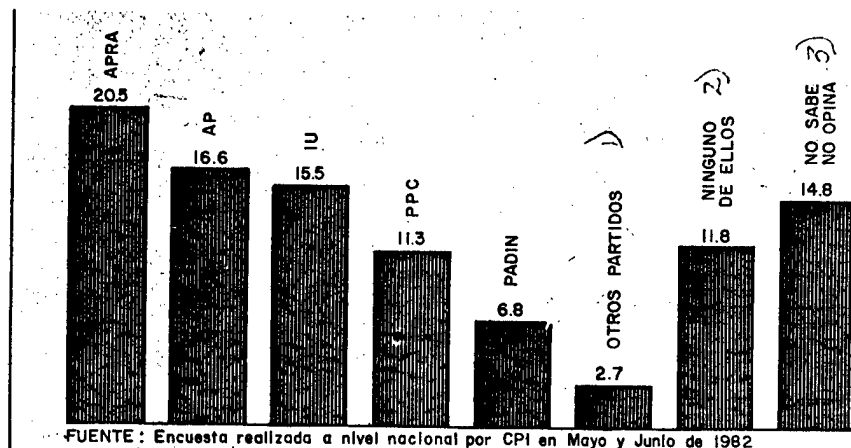
Aprismo

The results of the poll shown in these pages lead to the following conclusions:

1 -- The APRA [American Revolutionary Popular Alliance] continues to be the country's leading political force, with a national average of 20.5 percent among the country's voters, indicating a drop of 7.5 percent compared with the results of the presidential elections. The party also has the broadest organization throughout the territory, with percentages varying between 10 in Puno and 35 in Trujillo, the traditional Aprista stronghold of the "solid north." One should emphasize that the split in the APRA caused Villanueva to receive only 10.8 percent and Townsend 6.3 percent.

2 -- The Popular Action (AP) Party has suffered a lack of popularity because it is the government party. This explains why, from the 46 percent it received in May 1980, it dropped to 16.6 percent nationally, which would categorically confirm that the government is weakening, especially when the expectations of those who cast their votes for the party are disappointed. The AP has lost 30 percent of its backing.

Which of These Parties Do You Support? Results of a National Poll (in percent)



Source: National poll conducted by the CPI in May and June 1982.

Key:

1. Other parties
2. None of them
3. Do not know; no opinion

3 -- The United Left (IU) in general retains its percentage -- 15.5 -- meaning, for the purposes of an objective analysis, that it has capitalized on the people's discontent, especially among the lower classes, and that in the case of the United Left, it embodies a position of new proposals compared with traditional parties.

4 -- The PPC [Popular Christian Party], with 11.3 percent nationally, maintains its position based on preference for its leader Luis Bedoya Reyes, who would receive 14.9 percent of voters' preferences throughout the country. This means that the PPC continues to be a capital party, inasmuch as the former mayor of Lima obtains 21 percent in that city and as much as 26 percent in Callao, his home, while in cities in the interior such as Puno, for example, he receives only a modest 1 percent.

5 -- The PADIN [expansion unknown], the new political group headed by Deputy Miguel Angel Mufarech, appears for the first time in an opinion poll and marks its presence in the political arena with 6.8 percent, scarcely 4 months after its founding. Here one has the same phenomenon as in the PPC, in which the founder, Mufarech, personally obtains 9.3 percent of the national preferences due to his charisma and the fact that he is competing as a new generational alternative and with an exclusively nationalist posture.

Second Time Around

In answer to the question "For Which One of These Candidates Would You Vote in 1985?", the following results were obtained nationally: 1) Luis Bedoya Reyes, 14.9 percent; 2) Alfonso Barrantes, 10.9 percent; 3) Armando Villanueva, 10.8 percent; 4) Miguel Angel Mufarech, 9.3 percent; 5) Andres Townsend, 6.3 percent; 6) Javier Alva Orlandini, 4.4 percent; 7) Hugo Blanco, 3.1 percent; 8) Alan Garcia, 1.3 percent; 9) Roger Caceres, 1.3 percent; 10) Manuel Ulloa, 1.1 percent; 11) Morales Bermudez, .5 percent; 12) Others, 3.2 percent.

From these results, one concludes that there is still a preference for traditional leaders such as Bedoya and Villanueva, among which new figures such as Barrantes and Mufarech are found, gaining nearly 50 percent of all votes.

Likewise, one can anticipate criteria in the sense that while the trends might be maintained until 1985, none of the four main candidates has enough strength to win the presidential election alone on the first ballot, which requires 50 percent plus 1 of valid votes in order to make the Casa de Pizarro. The results of the poll we are presenting would be valid if the elections were to be held next week. However, since there are still nearly 3 years before the date of the elections, during which preferences may vary, we can deduce a priori that the next president of the republic will necessarily have to go through a second ballot, which will include the two candidates receiving the most votes on the first.

Teams

One can also conclude from this analysis -- still using the results of the last presidential elections as a frame of reference -- that the two government parties: Popular Action and the PPC, which together accounted for 56 percent (AP 46 percent; PPC 10 percent), now have only 27.9 percent in 1982 (AP 16.6 percent; PPC 11.3 percent), which reveals the weakening of the government parties after only 2 years in office.

Turning to the analysis of individuals, based on the poll, the following are in the running: Bedoya, Barrantes, Villanueva and Mufarech, with the first enjoying a tiny 5-percent advantage over the next three rivals. Between Barrantes, Villanueva and Mufarech, the difference is minimal percentagewise. One might say, in horseracing terms, that it is a "photo finish." Townsend, Alva and Hugo Blanca are behind the pack. The Mufarech "boom" is surprising, for such a following is usually reserved for traditional figures such as Villanueva and Barrantes. The presence of Morales Bermudez in the basement, with only .5 percent, is also food for thought.

It is important to point out that in Lima and the provinces, the most important candidates barely obtain 10 to 15 percent, which means that they need time to offer good programs in order to increase their electoral following.

In Lima: Bedoya

<u>Candidate</u>	<u>Percent</u>
Luis Bedoya Reyes	20.8
Armando Villanueva	11.2
Alfonso Barrantes	11.0
Andres Townsend	11.0
Miguel Angel Mufarech	8.4
Javier Alva	6.6
Hugo Blanco	3.6
Manuel Ulloa	2.4
Alan Garcia	1.4
Francisco Morales Bermudez	1.0
Roger Caceres	0.4
Others	1.0
None of them	12.2
Do not know; no opinion	9.0

Total 100.0

In Huancayo: Barrantes

<u>Candidate</u>	<u>Percent</u>
Alfonso Barrantes	16.8
Miguel Angel Mufarech	12.6
Armando Villanueva	8.9
Luis Bedoya Reyes	7.7
Javier Alva	5.9
Hugo Blanco	3.8
Andres Townsend	3.8
Manuel Ulloa	2.5
Alan Garcia	0.5
Roger Caceres	-
Francisco Morales Bermudez	-
Others	6.0
None of them	11.1
Do not know; no opinion	20.4

Total 100.0

In Piura: Mufarech

<u>Candidate</u>	<u>Percent</u>
Miguel Angel Mufarech	11.5
Luis Bedoya Reyes	10.9
Andres Townsend	10.4
Alfonso Barrantes	8.9
Armando Villanueva	7.5
Hugo Blanco	1.5
Roger Caceres	1.5
Francisco Morales Bermudez	1.5
Alan Garcia	1.2
Javier Alva	-
Manuel Ulloa	-
Others	4.8
None of them	22.4
Do not know; no opinion	17.9

Total 100.0

In Cajamarca: Villanueva

<u>Candidate</u>	<u>Percent</u>
Armando Villanueva	13.9
Luis Bedoya Reyes	11.9
Miguel Angel Mufarech	11.9
Javier Alva	9.9
Alfonso Barrantes	5.9
Andres Townsend	5.9
Hugo Blanco	2.0
Roger Caceres	2.0
Alan Garcia	-
Manuel Ulloa	-
Francisco Morales Bermudez	-
Others	1.0
None of them	21.3
Do not know; no opinion	16.0

Total 100.0

History

Like other Latin American countries, Peru has traditionally voted for charismatic figures with a strong, well-defined personality. There is no dearth of examples: Bustamante y Rivero, Manuel Prado, Manuel Odria and Fernando Belaunde. In the poll we are analyzing, it so happens that the first four candidates are somewhat charismatic -- each in his own way. Bedoya, already defined as having a conservative, rightist position, passes on his personal

In Arequipa: Bedoya

In Trujillo: Villanueva

<u>Candidate</u>	<u>Percent</u>	<u>Candidate</u>	<u>Percent</u>
Luis Bedoya Reyes	20.3	Armando Villanueva	14.7
Alfonso Barrantes	10.5	Luis Bedoya Reyes	14.2
Miguel Angel Mufarech	10.5	Alfonso Barrantes	8.8
Armando Villanueva	9.7	Andres Townsend	7.3
Andres Townsend	4.3	Miguel Angel Mufarech	6.5
Javier Alva	2.1	Javier Alva	5.9
Alan Garcia	1.5	Hugo Blanco	4.4
Roger Caceres	1.1	Alan Garcia	3.3
Manuel Ulloa	-	Roger Caceres	1.5
Francisco Morales Bermudez	-	Manuel Ulloa	1.5
Hugo Blanco	-	Francisco Morales Bermudez	-
Others	2.7	Others	4.0
None of them	2.7	None of them	20.6
Do not know; no opinion	16.0	Do not know; no opinion	7.3
Total	100.0	Total	100.0

charisma to his party, the PPC. Barrantes has the virtue of bringing together the scattered votes of the various factions and hues of the left. Villanueva continues to be the preferred figure of the Apristas because of his image as a hardliner and in addition, he controls the party machinery. Mufarech comes on the national political scene as one of the few young figures compared with the traditional politicians and he embodies the new generations clamoring for a change from the already obsolete structures.

Tipping the Scales

The Peruvian people will decide at the polls, not only because of pragmatic proposals or concrete government programs, but rather, because of personal sympathies. It will be up to the women voters, who will use their election privilege for the first time in 1985, and especially the undecided neutral mass belonging to no political camp -- 26.6 percent of those polled -- to decide the fate of the candidates. This quarter of the electorate that has shown no preference for any candidate in particular and that simply does not know or has no opinion constitutes, as it always has, the unknown force that will in the end tip the scales in favor of one of those running for the presidency. The results shown did not take the illiterate into consideration, those who will be motivated by the colors or symbols that every party or party alliance must have and that will constitute the final motivation before every voter freely casts his ballot, in keeping with his conscience, when he enters the voting booth alone.

Those Trailing

Looking at the scale of preferences from the "basement," one would have to analyze the Morales Bermudez phenomenon. After governing for nearly 4 years,

Preferences for the 1985 Presidential Election (in percent)

Candidato	Lima	Callao	Piura	Chiclayo	Trujillo	Chimbote	Huacho	Chincha	Ica	Arequipa	Tacna	Cuzco	Puno	Julica	Huancaayo	Cajamarca	Jaén	Tarapoto	Chachapoyas	Bagua	Iquitos
Luis Bedoya Reyes	21	26	11	10	14	12	10	11	8	20	10	15	1	2	8	12	10	13	15	9	13
Alfonso Barrantes	11	6	9	16	9	10	12	11	10	11	17	11	12	9	17	6	6	8	6	8	11
Armando Villanueva	11	10	8	11	15	11	10	10	9	10	15	10	7	5	9	14	12	12	11	11	12
M. A. Mufarech	8	6	12	11	7	9	11	10	8	11	9	11	10	3	13	12	11	9	12	10	11
Andrés Tawsend	11	5	10	5	7	-	2	2	4	4	2	8	2	5	4	6	3	1	2	2	4
Javier Alva	7	2	-	-	6	6	3	3	4	2	5	3	6	2	6	10	9	7	10	9	6
Hugo Blanco	4	-	2	2	4	5	4	4	2	-	6	4	9	7	4	2	3	3	3	4	4
Alan García	1	1	1	2	3	2	-	-	1	2	-	1	-	-	1	-	-	-	-	-	1
Roger Cáceres	-	-	2	-	2	3	2	1	1	1	3	-	6	17	-	2	2	-	3	2	-
Manuel Ulloa	2	1	-	-	2	-	-	-	-	-	-	3	2	-	3	-	-	1	2	2	-
Francisco Morales B.	1	-	2	-	-	-	-	-	1	-	-	1	1	1	-	-	-	-	-	-	-
Otros	1	1	5	4	4	5	2	3	4	3	4	4	7	10	6	1	3	3	4	4	3
Por ninguno de ellos	12	24	22	18	21	16	17	20	24	21	12	19	34	28	11	12	15	18	10	14	12
No sabe / no opina	9	18	18	22	7	22	27	27	26	16	19	10	6	11	20	24	28	25	22	27	25
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: National poll conducted by the CPI in May and June 1982.

Key:

1. Others
2. None of them
3. Do not know; no opinion

he now "closes ranks" with a mere .5 percent. This is probably due to the fact that there are those who believe that during his administration, the processes were set in motion leading to the current economic and social crisis. For others, he was the person who tried to "play" in returning to democracy, cheating both employers and workers, in other words, he was neither fish nor fowl. For his own comrades in arms, it was he who discredited the image of the armed forces, in whose name he took the reins of the country. Finally, for our part, we would recall that it was he who did the greatest harm to the freedom of the press. GENTE was closed during his administration. And yet, the saying that there are no dead politicians is certainly a true one.

Manuel Ulloa's position can be explained by the fact that he is the person who harvests all the discontent, inasmuch as his mission is that of serving as a figurehead for the government.

With 1.3 percent, Roger Caceres and Alan Garcia both find support, the former because of his leadership in Puno and the latter among a sector of young Apristas. The poorly drawn figure of the picturesque Hugo Blanco (3.1 percent) tells us about the unconditional nature of his few followers.

Another trailing figure: Javier Alva (4.4 percent) is, in the opinion of one analyst, confirmation of the saying that "no one knows whom he works for." Alva holds major powers: second vice president of the republic, president of the Senate and in control of the Popular Action machinery. In other words, the "Lechuzon" holds all the trump cards and yet, the "Tucan" gets the votes.

Leading those in the basement is Andres Townsend, with 6.3 percent, the Aprista preferences for the PAP [Aprista Party] diplomat. Will he now plunge into his dream of starting his own party?

Final Comments

With the results of this poll conducted by the CPI, GENTE is trying to contribute, for its readers and public opinion, to a clarification of what the 1985 general elections might turn out to be, so that every voter may analyze and freely interpret the results based on his own opinions, knowledge and understanding.

There are those who believe that given the ideological leanings of the leaders of the five existing political groups, the rightist AP and PPC parties should work together and make up 27.9 percent, while on the other hand, the moderate and moderate leftist parties, APRA, in a hypothetical alliance with the PADIN, would make up 27.3 percent. We would then see possible party alliances with balanced forces and the final decision would be up to the United Left, with its 15.5 percent, and above all, to those who to date have been undecided or who have felt cheated: 26.6 percent. Is the reader among the undecided? He should then realize that the country's future may depend on his vote.

11,464

CSO: 3010/1832

NEW COLORADO MOVEMENT LEADER VIEWS PARTY LAW, DEMOCRATIZATION

Montevideo BUSQUEDA in Spanish 9 Jun 82 p 6

[Interview with Dr Juan C. Fon Amor, long-time leader of the Colorado Party, former secretary general of the Committee for Reform of the Organic Charter and legal adviser to the party's National Executive Committee; date, place and name of interviewer not given]

[Text] A group of sectional leaders of the Colorado Party have decided to form a new branch of the party and to appear on the ballot as a choice in the internal election on 28 November.

To learn about the views of the new movement, which at present is called the "National Coordinating Organization of Sectional Leaders," BUSQUEDA interviewed Dr Juan C. Fon Amor, 45, who has been a leader of his party since 1962, having been elected always from among independents.

Fon Amor has been a follower of Batlle for 17 years, having been secretary general of the Committee for Reform of the Organic Charter and legal adviser to the party's National Executive Committee, an organ he represented last year in the talks with COMASPO [Political Affairs Commission].

BUSQUEDA spoke with Fon Amor about this new Colorado tendency, about the proposed organic law regulating the parties and the progress of reinstitutionalization. These were his remarks.

[Question] The Colorado Party has two broad factions: Pacheco Areco's group and the Coordinating Group for Colorado and Batllista Movements. Now a third group has been formed. What is the basis for it?

[Answer] It is not the third faction; I would say it is the first.

[Question] Let us lay that question aside. What is the basis for it?

[Answer] I agree it is a new tendency, since it began to form just a few months ago, in October 1981.

Colorado citizens are not in agreement with the other party sectors. There is an important nucleus of leaders who for all these years have been linked to the party's National Executive Committee--elected by the convention held in 1970--and

have acted independently of those other two currents and who agree on what I call the crisis of confidence in the former party leaders.

[Question] Why is there a crisis of confidence?

[Answer] The crisis of confidence has many diverse causes. There is a crisis of confidence because the citizens blame those who were political leaders in 1973 for not having been able to avoid the institutional breakdown. The people wonder if those leaders have learned their lesson, and they hope they are not going to repeat the errors of the past.

[Question] Do you think that all the former leaders should be blamed for these mistakes?

[Answer] I do not like generalizations, because they are usually unjust. Many, although not all, of the leaders still have a pre-1973 mentality; they are not aware that on 27 June of that year the country split, timewise, into a before and an after, and that it is possible to fall into the same errors.

The first and most important thing is to throw out the personal criterion for party leadership. The party needs to achieve a unity based on an ideological point of view and around a common program adapted to the reality of today and planned for the future.

[Question] Is there not a similar criterion in the other groups?

[Answer] Not at the moment. There has been much talk in favor of or against certain persons, attitudes and currents. But the internal debate has not centered on the ideological aspect, on the party's responsibility if it aspires, as we do, to be the majority and to be in power in a little over 20 months and to achieve real agreement on a program of national solutions.

Unity should be based on the very roots of the party, and it should be the Colorado rank and file who, acting within the party, set forth the lines of thought and action within the ideology and tradition. To this end we are organizing a meeting of Batllista workers, intellectuals and ordinary citizens, which we shall call "first days of the ideological reassertion of Batllismo," and which will probably take place in July. All the Colorados who wish to do so will participate individually, and experts, union leaders and businessmen will be invited. A study will be made of the country's plight in order to find solutions that Batllismo is willing to defend. And that will be our platform for action in the internal election campaign.

[Question] Is this an intermediate current between Pacheco's group and the Coordinating Group, or should it be viewed from a different angle?

[Answer] It is a different current, with different criteria and very clear positions on many aspects of the national situation and a strong ideological thrust which we have not generally seen in the rest of the movements.

[Question] Could this new current be, in the future, a bridge between the other two?

[Answer] That is our intention. We hope to offer solutions to national problems. We are sure that there will be some broad points of agreement with respect to solutions. And this may be the way to a real unity, which, obviously, everyone is invoking and claiming. There is one recent and very concrete experience. Summoned by the National Executive Committee, the delegates from all party sectors who participated in the dialogue with COMASPO met and managed to come to an agreement on a proposed organic party law which perhaps did not conform completely to any of our own ideas, but on which we were all willing to compromise. One must present solutions so that they can be discussed. Perhaps in the end the final proposals will not be ours, but they will be a consensus.

[Question] Are you satisfied with the party law approved by the Council of State?

[Answer] No, not at all. I am not satisfied with it, and in addition I feel it somehow shows a lack of consideration on the part of the national authorities toward the party delegates. The law was changed substantially, not in its structure, but in its philosophy. I would also say that I feel that in the end, what we understood as an agreement was betrayed. When on 23 December the final proposal was placed on the table and some minor changes were even made in it at that same meeting, when we shook hands with the COMASPO generals, we understood we had made a pact. So one could see that that proposal was going to be approved, probably with some minor adjustment of a detail or term, but not with the changes that were finally made in it. Of all the innovations I agree with only one: the second-round election of the National Executive Committee, a solution I defended in the meetings with COMASPO. I disagree with all the others, and simply and plainly they tend to weaken the political parties for the approaching election. With this law the parties will have difficulty finding the necessary massive support to strengthen their positions when they have to discuss the eventual changes in election legislation or possible amendments to the final constitution. It has been claimed that the parties do not have the support of public opinion necessary to debate on equal terms with the Armed Forces. That is what has been claimed and what has been achieved, and I believe it is unfortunate. If there is a sincere desire to achieve democracy in our country, it should be recognized that this goal will only be reached with strong and united political parties.

[Question] Why do you think that the parties will not receive strong support from the public in November and that they will be weakened by future demands of the political process?

[Answer] The Council of State approved the law on 3 June. Let us suppose that the Executive Branch promulgates it within a week. Then the Executive Branch will have to agree, following consultation with the Electoral Court, to regulate it. With good luck, this will happen around 15 July, a really short period, and that is not what happened with the procedure in the Council of State. The period in which the parties must present their rolls and each of the groups participating in the internal elections, their programs, expires in August. So at best the election campaign will start in early September. And in the brief time remaining before the 28 November elections, and without economic resources--as most of the parties are--it will be very difficult for them to reach the entire population. But in addition, it has been tried by all possible means to fragment the parties as much as possible. It was a monumental error to prevent the accumulation of

votes by sublemas in the internal elections; this implies a total ignorance of the democratic functioning of the parties. And that was pointed out to us by several Colorado delegates to COMASPO, because it is precisely at the internal election level that the candidacies must become personalized. Those who entertain similar ideas must give way to personal aspirations in order to obtain representation. To prevent this type of association favors the creation of structured lists, from the top of the party on down, naming delegates to the convention. The logical and reasonable procedure is the reverse: that each person who wants to be a candidate and believes he can obtain support present himself freely, with his own forces, to demonstrate that he does have personal support. To this should be added the prohibition of the making up of rolls for different departments, which takes away the national level of the candidates and creates a situation which is truly counterproductive for the functioning of the parties in the election. I believe this was done intentionally to favor what we might call a party oligarchy. The elite leaders are favored today, and that is precisely what should be avoided.

[Question] Does this new faction plan to run candidates in the 19 departments?

[Answer] The idea is a national movement, and we are working on that. We have already established contacts in some departments. The Canelones group is being organized, and there are contacts with people in Maldonado, Florida, Paysandu, Soriano and Rivera. It will be a national movement; it cannot be otherwise.

[Question] Is it not a disadvantage with respect to the other two important party sectors not to have a working organization and to be without press organs?

[Answer] To date we have made no efforts to have our own medium to publicize our points of view, but we expect to publish a weekly or biweekly very soon. As for lack of organization, rather than a disadvantage it will be something positive, since it will permit us to try new ways to communicate with the voter. Without prejudice to the traditional organization of the party through sectional clubs--we have sent the Council of State a letter requesting legal protection for the clubs during the period in which the conventions are taking place to draft new organization charters--we are considering an organization based on direct contacts, with sectional, zone and district coordinators. These, in turn, will have mobilization teams which will visit our supporters at home to bring them our points of view.

[Question] How has the movement been received?

[Answer] It is proven daily that the Batllista who is a simple voter understands, shares and disagrees enthusiastically with our plans for party renewal. This is also true of intermediate leaders.

[Question] Do you believe that the government's political plan will lead to a democratic regime?

[Answer] This process has some positive aspects. One must proceed gradually, and each step is a forward one compared to the previous situation. I think that the process is useful insofar as we are all convinced of the need to democratize the

country and as we act with loyalty regarding this principle. Here is where I have doubts, because I cannot understand how, if between the delegates of the party sectors, on the one hand, and the representatives of the Armed Forces, on the other, we have managed to come to agreement on a proposal tolerable to everybody in less than 3 months, a commission of the Council of State with only 10 members has delayed 6 months in solving the same question. It also concerns me that when representatives of the Armed Forces speak of the changes to be made in the election legislation, they say they are already studying it, and later that they are going to act whether the political parties are consulted or not. To have a dialogue there must be two parties; on the contrary, what we have here is a monologue. I am also worried that it has not yet been determined, as it should have been at this point, what is to be the procedure for discussing the constitutional solutions next year. Because in having already decided what form that dialogue is to take, we run the risk of bringing to reality the statements of some of the military hierarchy to the effect that the solutions to be proposed will not be very different from those which were submitted to the plebiscite in November 1980. And if this is true, unfortunately for the country, the response will again be negative; the situation will have to be reexamined and the timetable changed, and that would obviously be a story with no end.

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AGREEMENT ON CONSERVATION OF ANTARCTIC RESOURCES APPROVED

Montevideo EL DIA in Spanish 12 Jun 82 p 9

[Text] The Executive Branch has sent the Council of State a message and draft law approving the agreement on conservation of live marine resources in the Antarctic, which is ready in Washington, D.C., for the signatures of interested nations.

The message cites the content of the legal report of the Uruguayan Antarctic Institute, Topic II (Possibility and Suitability of Our Country's Joining the Plan Under Study) of which states:

"The Uruguayan Government, in supporting the 1959 Antarctic Treaty by submitting the required instrument on 11 January 1980, made a statement reserving its rights in the Antarctic according to international law and declaring that its decision to adhere to the treaty in question was based on a special, direct and substantial interest derived from its geographical location, the fact that its Atlantic coast faces the Antarctic continent, the influence of this factor on its climate, ecology and marine biology, and the historical ties which have bound it since the first expeditions which ventured forth to explore that continent and its waters, as well as from the obligations assumed under the Inter-American Reciprocal Assistance Treaty (article 4), by which Uruguay participates in the defense of the region."

The same "legal group" considers the reasons mentioned above equally valid for supporting our country's adherence to the agreement in question, the possibility of which is recognized in Article 27, paragraph 1, of the same.

Adherence to the agreement for conservation of live marine resources in the Antarctic would, in turn, strengthen our adherence to the already existing treaty, since it contemplates the exploitation of live resources of great commercial value, which can be caught by vessels under our national flag and which at present are beginning to be exploited with growing intensity by countries outside the American area.

It must be added, the Executive Branch said, that the possibility for the exploitation of these live resources by our own vessels would initiate an interesting encouragement of Uruguayan fishing activity.

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RAPELA SAYS ELECTORAL LAWS MODIFICATION UNDER STUDY BY COMASPO

Montevideo EL DIA in Spanish 11 Jun 82 p 12

[Article by Luis Edelmiro Chelle]

[Text] Canelones--Gen Julio C. Rapela, commander of the First Army Division and president of the Armed Forces Political Affairs Commission, has announced that the governing body is already studying the modification of the electoral laws and that the representatives of the political parties will be summoned to dialogue if it should be necessary.

Asked whether the established political timetable will continue to be followed, he said, "We will continue to comply with all its terms. As you already know, the law of the political parties has just been approved, although a little later than we had estimated, but still with sufficient time for political organizations to work and prepare for the November election. So I understand that all the steps planned to date have already been carried out, and I doubt that anything unforeseen will take place.

Contact With Representatives

After this endorsement, General Rapela was asked if he will continue to maintain contact with the representatives of the political parties to finalize details of the November internal elections. He replied: "No, that is not my job. I imagine the Electoral Court will have to establish regulations under the law, as is provided, within 30 days, and then all the political parties will have to do is follow what is established by the law. So the Political Affairs Commission, in that sense, no longer has anything to do with respect to the November 1982 elections.

"Obviously if there is any interference or any confusion as to the interpretation of the law, it is possible that our advice will be asked, and we are willing to clear up or try to solve any obstacles that may appear. But there is no reason for the Political Affairs Commission to hold any more meetings of any kind concerning this subject."

New Constitution

Concerning the new constitution, study of which is to begin in 1983, he was asked if COMASPO is going to initiate the study now. General Rapela answered:

"COMASPO is studying all the matters it has pending. What has happened is that we have not met for several reasons, because of other tasks we have, and since the time factor is not urgent, we have not done it; but we are constantly collecting information and material so that we can go ahead with preparation of the memorandum and the study when the time comes to examine them."

Electoral Laws

He was also asked if the governing body is embarking now on the study of the electoral laws modification, to which he replied: "Yes, we have already begun to examine them. As I just said, material is being collected and prepared for the study, for the analysis, and when the time comes we are going to call a meeting of COMASPO to discuss the matters involved."

Plans for Study

Asked if COMASPO will have to stay in contact with the politicians for the study of the electoral laws and the future constitution, or if this will be done without them, he said: "Whenever it is necessary, and I expect it will be necessary for any changes made in the electoral laws as well as for the future constitution, contact will have to be maintained."

"The electoral law is very much affected by constitutional provisions. So, many measures which may be adopted under the electoral law can affect the future constitution or determine what concepts will be followed in that constitution. Therefore it is obvious that in this sense there will surely be a need, as the Political Affairs Commission has had to date, to talk with the groups or their representatives or spokesmen."

"Insofar as it may be necessary to make decisions before November, obviously there is going to have to be contact with the spokesmen with whom we have spoken. After November things will change, and we will have to talk with the proper person, with whomever the duly constituted authorities may be."

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NO DECISION YET ON PARTICIPATION IN UNITAS OPERATION

Montevideo EL DIA in Spanish 11 Jun 82 p 12

[Article by Luis Edelmiro Chelle]

[Text] The commander in chief of the navy, Vice Adm Rodolfo Invidio, says that his branch of the service has not made any decision on participation in the next UNITAS maneuvers, and that all available factors are being evaluated before coming to a decision in the matter.

He also said that deep budget cuts have meant that the navy cannot continue patrol maneuvers in its jurisdictional waters, as it was doing before the Malvinas conflict, but he understands that there are priority factors involved. First, with respect to the UNITAS maneuvers, he said: "Actually they are not talking about a study by Uruguay of the UNITAS operation. On one broadcast--I do not know who gave the report--it was said that the National Navy would not participate in the maneuver, but the navy had not issued any announcement in that regard. What I can tell you is that the National Navy has been carrying out this type of maneuver for more than 25 years. You know that in Uruguay we have gone through different political periods, through some quite difficult political situations, but this type of maneuver is of a bilateral nature, or a joint maneuver. This year it would be joint maneuvers. Brazil announced, according to the broadcast media--and I don't know if the reports are true--that it will not participate, and I have also read that other navies also will not. I do not know if the United States Navy will carry out its UNITAS maneuvers this year or not, because I understand that when a fleet undertakes an operation of this kind it must be by agreement of all the countries.

"This is what leads us to say, at this time, that we are studying all the factors. If we can, according to the information we have, we may do it, since as you know, at this time we have to relay for antisubmarine operations on the destroyer '18 de Julio,' which we believe is putting in to the navy drydock next week, and we do not know how long it is going to be there.

"So we have to evaluate all this and then make a decision in the matter."

National Sovereignty

Asked about what measures the navy has taken to safeguard national sovereignty in the Malvinas conflict, Vice Admiral Invidio answered: "I would not say that it

is the navy; I would say it is the government that has taken measures. We have carried out specific directives from the Executive Branch. We have been patrolling our territorial waters in the Rio de la Plata continuously. We do it as we have always done it: frequently, but now a little moreso.

"We believe that at this time, in view of the way things are developing, there is no reason to continue so assiduously with our patrols, because due to an overall budget reduction the navy's appropriation has been reduced very severely, making our mission ever more difficult to carry out. But since we understand that there are priority factors, we also understand that we must stop certain activities unless they become necessary."

Control of Hospital Ships

Questioned as to whether the National Navy had taken any measures to control hospital ships which arrive here--in view of what happened at the Carrasco Airport--he said: "Actually we do not check them. This is an agreement under the Geneva Commission. These ships which come are hospital ships coming from the combat zone, and therefore there is no reason to believe there would be weapons on board. However, there are International Red Cross officials, who endorse the agreement, supervising all the activities on board."

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BRIEFS

TRADE AGREEMENT WITH CZECHOSLOVAKIA--A Czechoslovak mission will arrive in Montevideo today to sign a trade agreement with officials of our country. According to our information, the delegation will be headed by Czechoslovak Deputy Minister of Foreign Trade Jaroslav Jakubec, Miroslav Novak and the head of the Latin American Department of the Czechoslovak Ministry of Foreign Trade, Kuchar Bohdan. Also included in the mission will be Mr Klucina, director general of the Kiispol [foreign trade corporation [for export] and import of foodstuffs and agricultural products]. The basic purpose of the Czechoslovak mission is the implementation of mechanisms to permit a greater increase in trade between the two countries. To this end a trade agreement will be signed the day after tomorrow which will also call for the creation of a mixed commission, to meet alternately in Prague and in Montevideo, to coordinate the trade plans and implementation of the agreement. In addition, it has been learned that Czechoslovak Government officials are interested in purchasing Uruguayan manufactured and semimanufactured products, chiefly from the food sector. In turn our country would purchase machinery and other heavy industry tools for the industrial and agricultural and livestock sectors. In other matters, it has been learned that last evening Dr Estanislao Valdes Otero, foreign minister of the republic, deposited in the name of the Uruguayan Government the instrument of ratification of Annex 4, concerning insurance, of the convention of international overland transportation, which was signed during the meeting of the ministers of transportation and public works of the countries of the South Cone, held in Brasilia on 17 October 1980. [Text] [Montevideo EL PAIS in Spanish 15 Jun 82 p 8] 8735

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